MONARCH
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CEO Executive Summary

Welcome to our Fall 2018 Newsletter. Many of you have noticed that we have not been publishing our regular monthly newsletter. In fact, we have changed the focus of our newsletter to a quarterly format while we have been publishing our subscription-based bi-monthly, the ***AMLO Transition Report***. We hope you enjoy this last installment of our regular newsletter for 2018 – it has certainly been a busy time in U.S.-Mexico relations.

For all the threats, brinksmanship, and missed deadlines, the NAFTA renegotiation was finally completed in late September, and a new, modernized trilateral trade agreement was signed on November 30 on the margins of the G20 summit. The United States-Mexico-Canada Agreement, as it is called in the U.S., is intended to replace, not update NAFTA. Yet the new agreement's 34 chapters and 1,000 pages suggest more of a NAFTA 2.0, albeit with tighter rules of origin in the auto sector and a watered-down sunset clause, rather than a wholly new trade agreement. With the agreement negotiated, all eyes are now on the new Democrat-controlled House of Representatives and their willingness to approve the deal. Meanwhile, the Section 232 tariffs on Mexican steel and aluminum exports to the U.S. – once thought to be a barrier to concluding any new agreement – remain in place.

Beyond trade, the Central American migrant caravan has dominated the bilateral relationship. The Trump administration took its standard hard line against the migrants, calling them a threat to national security and ordering military units to reinforce the border. The Mexican government offered the migrants work visas and asylum, which most have turned down preferring to try to gain entry into the United States. About 4,000 migrants remain in Tijuana hoping to gain asylum in the United States.

On December 1, Andrés Manuel López Obrador (AMLO) was sworn in as President of Mexico and was greeted, as all newly-elected Mexican presidents are, with a wave of popular support. His inaugural address emphasized the ideological side of his political persona but was consciously tempered with pragmatic overtones, something we suspect will persist throughout the early phase of his presidency. The Morena-dominated Congress, which was seated on September 1, approved two of AMLO's legislative priorities before he took office – a bill slashing the salaries of Mexico's high-level bureaucrats and another recreating the Ministry of Public Security. The former legislation has been stayed while the Supreme Court hears a challenge to its constitutionality. Meanwhile, AMLO reinforced the recent security legislation with a controversial decision to increase the role of the military in domestic law enforcement in a bid to quickly reduce Mexico's high levels of crime and violence.

In the early days of his presidency, AMLO has governed with a strong nod to his populist instincts, primarily by resorting to public referenda he calls "*consultas*." In late October and again in late November, AMLO held *consultas* on a series of policy initiatives he proposed during the campaign. In October, less than 1% of the electorate voted to reject continuation of the new international airport project, and in November, this same segment of the electorate voted in favor of ten high priority infrastructure and social welfare projects. Soon after the airport referendum, AMLO announced that he would, indeed, cancel the new airport, and this was quickly followed by a series of leftist legislative proposals in the Morena-dominated Congress. Taken together, these actions helped tank Mexican markets. By inauguration day, markets had stabilized, but stocks traded at three-year lows, the 10-year government bond was yielding over 9%, and the peso stood at 20.4 to the dollar. This was the backdrop challenging AMLO's economic team as it struggled to produce a budget by December 15 that is based on realistic economic expectations but that also funds AMLO's many priority projects while sticking to his promise of fiscal austerity.

In the energy sector, AMLO confirmed that his government would respect the 107 oil and gas exploration and production contracts already signed with private companies but would suspend the auction process for at least three years to give the government time to evaluate if the arrangement is working for Mexico. If there is minimal increase in investment and resource production, then there will be no more auctions. AMLO's expansive plans for Pemex in refining and production remain unchanged, raising concerns among ratings agencies about the credit-worthiness of the highly indebted national oil company.

I. USMCA

On November 30 (President Enrique Peña Nieto's final day in office), U.S. President Donald Trump, Canadian Prime Minister Justin Trudeau, and President Peña Nieto signed the United States-Mexico-Canada Agreement (USMCA) following more than a year of threats, negotiations, and missed deadlines. It should be noted that the name of the agreement to replace NAFTA depends on whom you ask. Canada's official name is the Canada-United States-Mexico Agreement (CUSMA), though Prime Minister Trudeau most commonly refers to it as the New NAFTA, and in Mexico, AMLO, after a Twitter poll to gauge public opinion, has settled on the Mexico-United States-Canada Treaty (T-MEC for its initials in Spanish). For simplicity, we will stick with USMCA in our writings.

Readers will recall that on August 27, the United States and Mexico announced that they had reached agreement on a bilateral deal. On August 31, after a short but unsuccessful period of bilateral negotiations between the U.S. and Canada, President Trump notified the U.S. Congress of his intent to sign a trade agreement with Mexico – "and Canada, if it is willing" – 90 days later (meaning on November 30). During the month of September, the United States and Canada continued their intensive negotiations to address outstanding bilateral issues. Maintaining a trilateral agreement was a priority for the North American business community, the U.S. Congress, and the Mexican and Canadian governments. In fact, Prime Minister Trudeau reportedly asked AMLO to reinforce the importance of a trilateral agreement with President Trump. On September 30, the last possible moment to release the full text of the agreement to permit a November 30 signature under Trade Promotion Authority, United States Trade Representative (USTR) Robert Lighthizer and Canadian Minister of Foreign Affairs Chrystia Freeland announced that they had reached an agreement, along with Mexico, on a "new, modernized trade agreement for the 21st Century: the United States-Mexico-Canada Agreement (USMCA)."

By now most readers will have seen reports and commentary describing the content of the agreement, the initial (and largely positive) statements from a range of industry and labor organizations including food and farm groups, steel, the U.S. Chamber of Commerce, and the Teamsters Union, and comparisons to the original NAFTA. As they did regarding the U.S.-Mexico bilateral agreement in August, USTR issued a set of fact sheets on the USMCA that provide details on: (1) intellectual property, digital trade, de minimis, financial services, labor, and environment; (2) agriculture; (3) rules of origin, goods market access, textiles, and sectoral annexes; and (4) U.S.-Canada dairy, poultry, and egg issues.

The new agreement consists of thirty-four chapters and several annexes and side letters totaling more than 1,000 pages and is intended to replace, not update, NAFTA. When the complete text was made public by USTR, it carried the header "Subject to Legal Review for Accuracy, Clarity, and Consistency." The Economia website provided a summary of the chapters (in Spanish) along with the full text as published by USTR (in English). The implication, since confirmed, was that the text of the agreement would continue to undergo revisions and updates during the 60-day review process (and possibly even now that it has been signed). Congressional sources informed us that, according to USTR, some chapters had undergone modifications. Individual companies and industries will doubtless need to review relevant chapters carefully to determine how the new agreement may impact their business.

Attention will now shift to the ratification process in each country. In the United States, though Members of Congress and various interest groups have issued initial comments, the full ratification debate will not begin in earnest until the new Congress is seated in January 2019. U.S. ratification is expected to follow the provisions laid out under Trade Promotion Authority (and described here). President Trump threw a wild card into the legislative political mix by declaring on December 2 that he will shortly announce his intention to withdraw from the NAFTA agreement. While he has yet to follow through, the president's threat is intended to increase the pressure on Congress to act quickly since the withdrawal would take effect six months after the formal announcement (unless enjoined by a legal challenge – something not at all unlikely). As the president put it, Congress will have "a choice of the USMCA or pre-NAFTA." With Democrats controlling the House, where the process must begin, it is far too early to predict how the congressional debate will play out though we suspect congressional approval will be an exceedingly heavy lift. The congressional debate will likely be contentious, especially given political dynamics and recent statements by senators, including Pat Toomey (R-PA) and Elizabeth Warren (D-MA), and representatives, including Bill Pascrell (D-NJ) and Sander Levin (D-MI), that they do not support the agreement in its current form. USTR Lighthizer (and others) have suggested that specific congressional concerns may be addressed through the U.S. implementing legislation (i.e., without reopening the agreement). Trump's withdrawal threat, if he follows through, will inject even more uncertainty into the approval process. Despite all this, we remain optimistic that the agreement will eventually be approved, although likely by a narrow margin.

One issue indirectly related to USMCA approval is the Trump administration's application of the Section 232 tariffs on Mexican steel and aluminum. Geronimo Gutierrez, until recently the Mexican Ambassador to the United States, stated publicly that he expected the issue to be resolved, or a path to resolution clearly defined, before signature. Canadian Prime Minister Trudeau's participation in the signing ceremony was in doubt up until the last minute since he had previously linked his participation to resolution of the issue. Representatives of a wide range of private sector interests, Members of Congress, and Canadian and Mexican government officials called for the tariffs to be rescinded prior to the signing of the agreement and reiterated their concerns following the signing ceremony with the tariffs (and Mexican and Canadian retaliatory tariffs) still in place.

Mexico's steel industry was invited to Washington to discuss possible quotas in lieu of the tariffs in late August and urged its government to resolve this issue before concluding the NAFTA renegotiation. Negotiations between the United States and Mexico on a quota to replace the tariffs continued throughout the fall but have yet to conclude. Incoming Undersecretary for North American Affairs Jesús Seade (who also served as AMLO's representative to the USMCA negotiations) called for the tariffs to be removed by the end of the year. Relief, however, cannot come fast enough from the perspective of the

Mexican steel industry, which has seen steel exports decline significantly. And Constellation Brands, distributor for Grupo Modelo in the United States, has seen losses of USD 2 million due to U.S. aluminum tariffs but has not passed these additional costs on to consumers…yet.

II. U.S.-Mexico Relations

Following the September announcement of the USMCA, Monarch learned that the Commerce Department is amenable to re-establishing the U.S.-Mexico High Level Economic Dialogue (HLED). Prior to the announcement, Commerce officials expressed reticence when asked about the HLED (under any name). The HLED was intended to provide a platform for high level discussions on strategic trade and investment between the two governments. We will be monitoring closely to assess whether and when the HLED is reconstituted.

Meanwhile, despite distractions in the mainstream press, the two countries continue to work closely together on a range of fronts. For example, on November 30, the United States and Mexico formalized an agreement reached initially in October to triple to $9 billion the credit line the U.S. can extend to Mexico should the country face a currency crisis.

Beyond economic ties, the Central American migrant caravan dominated bilateral relations this fall. It began when the first of several migrant caravans, this one several thousand strong, crossed the Mexican southern border. AMLO pledged his government would provide work visas to all Central Americans who want one. For his part, President Peña Nieto announced a program that will permit the migrants to live and work in Mexico, if they agreed to remain in one of two southern states, Chiapas and Oaxaca. Few did. The vast majority rejected Mexico's offers of asylum and work visas, preferring to continue their journey north to the United States.

President Trump warned of a coming assault on the U.S. southern border and ordered the U.S. military to the border to prevent the migrants from entering U.S. territory. Mexico City, instead, offered the migrants sanctuary. After resting for several days in the Mexican capital, the caravan continued its trek north, arriving in Tijuana in mid-November.

Threatening to close the U.S. border to keep the migrants out, the Trump administration proposed that asylum seekers remain in Mexico while making their asylum claims. Since such a policy cannot be carried out without Mexican cooperation, U.S. officials met with representatives of the incoming López Obrador administration leading to a mistaken report that an agreement had been reached. At the time of publication, the two sides were continuing their talks with the Mexicans calling for a marked increase in asylum hearings, the return of those denied asylum to their home countries, and development funds for Central America.

In this context, it is unsurprising that the first foreign policy action of the new López Obrador administration was a regional development agreement with its Central American counterparts designed to mitigate the impulse to migrate. AMLO's team has also reached an agreement with the Cuban government to receive Cuban doctors to provide medical services in southern Mexico.

III. Mexican Politics and Security

Andrés Manuel López Obrador became president of Mexico on December 1. As seems to happen every six years, he was greeted by strong popular support and confidence in Mexico's prospects. According to El Financiero, 66% of Mexicans support AMLO and 83% expressed optimism about the future of the country.

AMLO's inaugural address tempered his ideological emphasis with clearly pragmatic overtones. He blamed neo-liberal policies of the last 36 years for all of Mexico's ills, from poverty and slow growth to corruption and crime, blasted former President Peña Nieto's energy and education reforms, and enumerated a long list of state-led policies that would put Mexico back on the right track. At the same time, while calling for discipline among his heterogeneous group of followers, he took pains not to create powerful enemies. He promised not to seek vengeance against corrupt officials from previous administrations, and he praised Mexico's stabilizing development of the mid-20th century to telegraph his support for markets (even if not fully free markets) and macroeconomic stability.

The Morena-dominated Federal Congress that was elected with AMLO in July welcomed the new president with two new laws that were priority pieces of legislation for him. The Mexican Federal Register published the first law of the AMLO era on November 5. This law deprives former presidents of their pensions and security details. More significantly, it prohibits federal government workers from earning more than AMLO's presidential salary of 108,000 pesos per month, which itself represents a 60% cut from President Peña Nieto's salary.

The constitutionality of this second element was quickly challenged by opposition senators. The Supreme Court suspended implementation of the law until it rules on its constitutionality, which AMLO criticized and the Morena-led Senate announced it would challenge. It is worth reiterating – as we have noted before – that AMLO has the political coalition needed to amend the Mexican constitution.

The significance of the wage cuts this law will impose is two-fold: (1) it threatens to hollow out the high-level, most experienced segment of the federal government and (2) it serves as the centerpiece for the new administration's austerity plans for the public administration. This legislation is part of a broader effort to free up enough funds to pay for AMLO's infrastructure and social welfare programs while not raising taxes or increasing the national debt.

The second law recently approved by Congress modified the structure of the executive branch to establish a new ministry of public security, as AMLO had promised throughout his campaign, and to create a new role of super delegates who will oversee federal spending in the states. It also renamed the Agriculture and Social Development ministries.

In late October, AMLO held a public consultation to determine the future of the new international airport project (discussed in greater detail below). The consultation process was highly criticized for polling only a tiny proportion of the electorate, concentrating the vote in regions highly supportive of AMLO, and doing little to prevent individuals from voting multiple times. But for AMLO, the airport referendum, like a second consultation held in late November on 10 of the new president's high priority development programs and infrastructure projects, represented a huge victory. For one, the results were overwhelmingly supportive of his policy preferences and the process was liked by most Mexicans. In addition, the referendum provided a clear reminder of his profound popularity with the Morena base and of his capacity, once the consultation process is formalized into law, to go over the heads of congressional leaders if needed. In other words, his opponents – and purported supporters – operate independently of him at their peril, despite AMLO's insistence that the legislature is an independent branch of government.

On December 5, Claudia Sheinbaum took office as the first female elected governor of Mexico City. Her first act was to disband the city's riot police.

On the security front, AMLO publicly recognized that current conditions in Mexico will not permit him to get the military off the streets as he had promised in his campaign. He agreed that this can only happen after Mexico develops a national guard capable of prosecuting the battle against organized crime. On this foundation, he announced his national security strategy on November 14. This strategy calls for a military police-style national guard that will oversee security in 265 regions in the country as well as increased attention to crime prevention. This approach has been sharply criticized not only for relying heavily on the military but also for ignoring the development of Mexican police forces.

Finally, the Mexican Supreme Court, in a series of rulings, opened the door for Mexican legislators and the attorney general to follow through on their promises to legalize recreational marijuana use.

IV. Mexican Economy

After a second quarter slowdown, the Mexican economy expanded just 0.8% during the third quarter of 2018 (a 2.7% annual rate), the final full quarter of the Peña Nieto presidency, reflecting in part a 28% drop in foreign direct investment. Five days later the Bank of Mexico (Banxico) again lowered its growth estimate for 2019 (to between 1.7% and 2.7%, down from its summer forecast of 2.2%-3.2%). The Bank also raised its 2019 inflation estimate (to 4%) due in part to 2018 inflation that seems stuck around 5%, and it warned of the potential for long-lasting damage to the economy should the policies of the new government undermine confidence in the country.

Banxico's comments were motivated by a series of announcements that shook market confidence in Mexico. These included AMLO's cancelation of the new international airport and legislative proposals to tighten mining regulations, cut banking commissions, abolish private pension funds, and nationalize the Bank of Mexico's reserves. These developments led Fitch to downgrade its outlook for Mexico from stable to negative, but the other ratings agencies did not follow suit. The executive and legislative moves also dramatically undermined investor confidence, with 63% believing the business environment will worsen over the next six months in the most recent Banxico poll, up from 23% a month earlier.

Markets stabilized following the announced opposition of AMLO and his economic team to the banking and pension proposals, including reassuring statements from new Finance Minister Carlos Urzúa, and AMLO's promise in his inaugural address that investments in Mexico will be secure and profitable. But the stock market continues to trade at a three year low, the interest rate on 10-year bonds is over 9% – a 10-year high – and the exchange rate remains close to 20 pesos per U.S. dollar, which is also due to the recent collapse in oil prices. Markets will likely be reassured by the December 15 release of AMLO's first budget, which contains more social spending but preserves the financial framework established by AMLO's predecessors. Initial reactions are that the budget is based on realistic economic projections as expected. Other analysts summed up the budget as AMLO's effort to put money behind his campaign promises by funding projects like the *Tren Maya* and the new refinery.

The Bank of Mexico's next interest rate decision is scheduled for December 20, a day after the U.S. Federal Reserve meets. Most market watchers believe the bank will raise rates by 25 basis points. In its November 15 meeting, Banxico raised rates 25 basis points bringing the reference rate to 8%, a 10-year high, while clearly stating its concerns about AMLO-generated market uncertainty.

Future interest rate decisions will reflect the arrival of two new deputy governors to be appointed by AMLO, Jonathan Heath and Gerardo Esquivel. Heath is a self-described centrist economist who has publicly disagreed with some of AMLO's economic policy proposals while supporting others. He will replace Manuel Ramos Francia, the lone vote in favor of raising interest rates at Banxico's October 4 meeting. The markets welcomed the news of Heath's expected appointment.

By contrast, Esquivel is an AMLO insider without experience in financial markets who has criticized bank policy for its institutional focus on inflation to the exclusion of growth. His selection to replace Roberto del Cueto, who is resigning for health reasons, has thus generated market concern. We are more sanguine about the selection. AMLO has repeatedly said he will respect the autonomy of the Bank of Mexico, and in his inaugural address lauded the stabilizing monetary policy of Antonio Ortiz Mena during the late 1950s and early 1960s. In addition, while close to AMLO, Esquivel's desire to protect his reputation as a serious, independent economist will weaken his willingness to be AMLO's yes-man on the board.

Sector Focus: Infrastructure

The incoming AMLO administration's late October decision to cancel the new international airport project was designed to send a clear political message, despite the inevitable economic costs. It made plain to an important segment of the private sector – those accustomed to making sweetheart deals with the federal government – that times have changed. There is now a new leader in the National Palace and new rules of the road. Unfortunately, the economic costs have been severe. In addition to the macro implications noted above, the value of airport bonds fell to prices implying default.

In an effort to mitigate the damage, the federal government announced on its third day in office a scheme to buy back $1.8 billion of the outstanding bonds. The immediate market reaction was as planned, with both the airport bonds and the peso making gains. Two days later, however, a bondholder group large enough to scuttle the plan refused to accept the government's proposal. The government improved its offer, only to be rebuffed again by bondholders. At this writing it is unclear how the government will respond. While some reports suggest the government will not change its offer, other reports suggest that the costs of cancelling the airport may exceed the cost of completing it, and that the AMLO administration may be rethinking the decision to cancel the project. Only time will tell, and we are certaintly monitoring this topic closely.

Beyond the airport, questions continue to surround AMLO's proposed Mayan Rail project that would carry tourists and cargo throughout southeastern Mexico. The president inaugurated the project on December 16 in an indigenous ceremony near the ruins of Palenque, having previously announced that the *Tren Maya* would be financed through a combination of private and public investment. There are concerns, however, about the availability of private funding due to the uncertainty created by the airport cancellation. In addition, the train will pass through ecological reserves and indigenous territory requiring extensive regulatory permits and community authorization before construction can go forward. There is widespread skepticism about the market viability of this particular project.

Sector Focus: Energy

The treatment of energy in the new USMCA seems to have threaded the needle by pleasing both industry and AMLO. The agreement perpetuates tariff-free trade in oil and gas and preserves the Investor-State Dispute Resolution mechanism that protects the industry from state overreach. But it also recognizes Mexico's "direct and inalienable ownership" of petroleum resources and protects the Mexican government's capacity to make constitutional changes in this sector.

AMLO ultimately decided to respect the 107 private sector exploration and development contracts that have already been signed under the historic energy reforms of the Peña Nieto administration. But he also insists that it is time for those private companies to show results that justify their presence in Mexico's energy markets. In his second news conference as Mexican president, AMLO announced that he would suspend additional oil auctions for at least three years to provide time to measure the extent to which the foreign companies who won the right to operate in Mexico are actually investing and producing resources. Unless they are making a positive contribution to the country's oil output, there will be no more auctions. Still, in a vote of confidence for the sector, the German oil and gas producer DEA announced that it will buy Sierra Oil and Gas, one of the first companies to drill in Mexico following the opening of the sector to private investment.

AMLO also announced that Pemex, whose oil production declined sharply again in 2018, would not frack for oil but will instead drill new wells in the shallow waters off the Campeche coast. Earlier AMLO promised that new tenders for Pemex service contracts would take place immediately after taking office.

At the same time, AMLO moved forward with plans to invest heavily in Pemex refining, including the construction of a new refinery in the Dos Bocas port in Tabasco state, with the aim of refining rather than exporting Mexican oil production. On December 9, AMLO repeated his promise that the new refinery will begin operations in three years, a goal that we deem profoundly optimistic.

The debt ratings agencies, on the other hand, were less sanguine about AMLO's strategy for Pemex, which has been barely hanging on to its investment grade rating. Moody's issued a warning about the likely negative impact to the national oil company's financial prospects from investing in the highly volatile refining business while facing reduced revenue from decreased oil exports and having to service a heavy load of mostly U.S. Dollar-denominated debt. Standard & Poor's previously expressed its skepticism about the viability of this strategy, while Fitch downgraded its outlook for Pemex debt to negative citing questions about the company's future business model. This despite promises from the incoming deputy finance minister that the government's expansive plans for Pemex will not add to the firm's debt.

As a final note on Pemex, news reports remind us of concerns about a loss of high-level talent at Pemex owing to personnel cuts in recent years and to the coming pay cuts for federal government workers. Problems in Pemex continue to be an overlooked Achilles' heel of the new administration's economic strategy given the oversized role the national oil company plays in the country's finances.

With respect to the electricity, AMLO announced his plans for the sector on December 8, and they were not welcomed by industry players. The intention is to "return CFE to its social mission" by developing the state-owned company's generation capabilities by avoiding the closure of existing plants (including inefficient and highly polluting fuel-oil based plants). Even though he mentioned renewable resources as a central part of his plan to reduce dependency on imported natural gas, he only mentioned hydro generation and did not reference the potential for solar or wind power. AMLO's focus on Mexico's hydro-electric potential is a topic we forecasted in recent months.

V. Monarch Events, Speeches, Publications

August 6: Monarch Chairman Ambassador James R. Jones spoke to Hill.TV in a wide-ranging interview that touched on the latest in NAFTA negotiations, corruption in Mexico, and how the Johnson White House differs from that of Donald Trump.

August 13: Monarch President & CEO Michael C. Camuñez spoke to *The Sacramento Bee* about internal disagreement in the U.S. over the issue of seasonal produce restrictions and how that could still derail NAFTA negotiations, which have otherwise shown promise of late.

August 15: Amb. Jones participated with former Mexican President Ernesto Zedillo in the "U.S.-Mexico Border Summit" sponsored by The Borderplex Alliance in El Paso, TX.

August 16: Monarch hosted its first of five monthly conference calls for clients and subscribers of the ***AMLO Transition Report***.

August 17: Michael C. Camuñez commented to *The New York Times* on Canada's surprising change in status from teacher's pet to problem child in NAFTA talks.

August 18: Monarch Managing Partner Luis Ricardo Rodríguez spoke at an event organized by INDEX Nuevo León in which he discussed foreign trade, including NAFTA, and the current state of affairs between the U.S. and Mexico.

August 21: Michael Camuñez joined CNBC's *Squawk Box* to discuss how close the United States and Mexico are to a trade deal.

August 21: Monarch Senior Advisor Pamela K. Starr commented on the impact of AMLO's planned austerity measures in the Inter-American Dialogue's *Latin America Advisor*.

August 22: Monarch released the third issue of the ***AMLO Transition Report*** to clients and subscribers. This edition focuses on AMLO's plans for and potential impact on the energy sector in Mexico.

August 20-24: Amb. Jones traveled to Mexico City where he met with top officials of the incoming López Obrador administration, including with the president-elect for a wide-ranging meeting on August 23.

August 24: Amb. Jones was quoted extensively in *Reforma* (subscription required) on the potential for a quick agreement between the United States and Mexico on bilateral issues in the NAFTA renegotiation.

August 28: Michael Camuñez spoke to *Slate* and expressed his surprise that Mexican President Peña Nieto again put himself in a position to appear weak in the presence of President Trump.

August 30: Amb. Jones appeared on CNBC's *Squawk Box* to express his optimism that terms for a renegotiated NAFTA would be reached by the end of the week.

September 3: Luis Ricardo Rodríguez published an op-ed in *El Financiero* discussing NAFTA's rules of origin.

September 7: Monarch released the fourth issue of the ***AMLO Transition Report***. This edition looks at AMLO's priorities for infrastructure projects during his term in office.

September 20: Michael Camuñez was a keynote speaker at the "Pathways For Trade" symposium hosted by the Laredo Economic Development Corporation.

September 24: Monarch released the fifth issue of the ***AMLO Transition Report***. This edition takes a close look at Mexico's newly seated Congress and its likely legislative agenda.

September 25: Monarch hosted its second of five monthly conference calls for clients and subscribers of the ***AMLO Transition Report***.

September 28: Michael Camuñez, representing Monarch, became an honorary member of the IME Advisory Council for Financial Education and Inclusion.

October 2: Monarch Senior Advisor José Carlos Rodríguez Pueblita spoke with the Inter-American Dialogue's *Latin America Advisor* about his view on the challenges to fighting financial fraud in Mexico.

October 4: Monarch Managing Director Andrew I. Rudman participated in a roundtable discussion on Mexico's Pharmaceutical Sector hosted by the U.S. – Mexico Chamber of Commerce, Northeast Chapter, in New York City.

October 5: Monarch Senior Director Pedro Niembro addressed the impact of the United States-Mexico-Canada Agreement on North America's energy sector in the Inter-American Dialogue's *Latin America Advisor: Energy Advisor*.

October 5: Luis Ricardo Rodriguez published an op-ed in the Monterrey edition of *El Financiero* in which he discusses the implications of the new USMCA for the maquiladora industry.

October 8: Michael Camuñez commented on the new USMCA for National Public Radio.

October 9: Pedro Niembro participated in a panel organized by the Institute of the Americas and the National Association of Universities and Higher Education Institutions on the topic "Community and Project Compatibility, a Sustainable Development Perspective."

October 15: Monarch released the sixth issue of the ***AMLO Transition Report***. This edition examines AMLO's plans to create an equitable and egalitarian healthcare system for all Mexicans.

October 26: Andrew Rudman spoke with the Inter-American Dialogue's *Latin America Advisor* about a Brazilian judge's recent decision to strip the patent protection of a hepatitis C drug and the ramifications it could have on future availability in Brazil of drugs to treat other illnesses.

October 30: Monarch released the seventh issue of the ***AMLO Transition Report***. This edition focuses on AMLO's proposed policies for agriculture and the border regions, which he hopes will help alleviate poverty in Mexico.

October 31: Monarch hosted its third of five monthly conference calls for clients and subscribers of the ***AMLO Transition Report***.

November 16: Monarch released the eighth issue of the ***AMLO Transition Report***. This edition focuses on the outlook for economic policy in the AMLO administration.

November 28: Monarch hosted its fourth of five monthly conference calls for clients and subscribers of the ***AMLO Transition Report***.

December 1: Michael Camuñez attended the inauguration of President Andrés Manuel López Obrador and related events as part of the U.S. delegation invited by the Mexican foreign ministry.