



Seeking a strategic partnership: Fernández in Mexico

by Andrew Thompson

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What happened?

Argentine president Alberto Fernández spent most of this week on an official visit to Mexico, where he and his opposite number, Andrés Manuel López Obrador (AMLO) talked about the possibility of a new centre-left axis in the region.

The details

Fernández appears particularly keen to promote a nationalist alliance in Latin America, and AMLO seems to be gradually coming round to the idea. Both share some general political positions and a populist political style. They oppose what they see as “neo-liberalism” – a tendency towards unrestrained capitalism interspersed with sharp doses of fiscal austerity. They claim to represent the people, and favour state ownership in some key industries, for example in oil and gas.

Argentina – Mexico bilateral trade, US\$ 000s



Source: [Mexican Government](#)

They are both particularly keen to cooperate in the COVID-19 pandemic. They have shared contacts necessary to gain access to supplies of Russia’s Sputnik V vaccine. Fernández was particularly eager to visit Liomont, a Mexican lab that will be bottling Oxford University/AstraZeneca vaccines manufactured under licence by Argentina’s Grupo Insud.

The deal, part-funded by Mexican billionaire Carlos Slim, ticks a lot of boxes: it meets an acute medical need, creates locally based manufacturing and jobs, and fits with AMLO's call for rich countries to do more to help developing countries get hold of the vaccines.

But whether the two men can achieve a long-held aspiration of the Latin American left is less clear. The idea, not exclusive to the left, is that Latin America should respond to hard times by doing more to integrate its economies. On paper it sounds good but making it work in practice is difficult. Mexico and Argentina are Latin America's second and third largest economies, but they are geographically distant and trade is very small. Despite two economic complementation agreements, ACE 6 and ACE 55 (the later relating to the automobile industry), trade in 2019 was only US\$1.56bn. The two countries focus on different parts of the world. Mexico mainly exports manufactures to the United States, while Argentina exports mainly agro industrial products to Brazil and China.

Although a group of 35 Mexican business leaders met Fernández and talked about investing in Argentina, they are aware of the difficulties. Off the record, some said they were put off by Argentina's cocktail of recession, 40% inflation, price and export controls. They also have issues with Mexican economic policy, and in particular with AMLO's interventions in the energy sector and his tight fiscal restraint.

What does it mean?

The pursuit of greater Latin American economic integration as a response to the economic crisis will continue but there are no quick solutions. With governments of different political colours all struggling, any "progressive axis" in the region will need to show its ability to deliver sustainable recovery.

About the Author

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As well as being a Canning House Associate Fellow, Andrew is a former foreign correspondent (Buenos Aires, Mexico City, Rio de Janeiro) and a broadcaster for the BBC's Latin American Service. Working through La Rambla Research Ltd., he writes about economics, political risk, and business in Latin America.



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