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FEATURED Q&A

Will Independents Swing Mexico's Presidential Vote?



Former Mexican First Lady Margarita Zavala earlier this month announced her resignation from Mexico's PAN party and her plans to run for president as an independent. // File Photo: Zavala Campaign.

Q Former Mexican First Lady Margarita Zavala has resigned from the country's opposition National Action Party, or PAN, and plans to run for president as an independent. Also this month, indigenous leader María de Jesús Patricio Martínez registered to run as an independent, backed by the Zapatista movement, and Nuevo León Governor Jaime Rodríguez Calderón, who became Mexico's first independent governor after leaving the PRI, is also considering a run for the nation's top office. How will Zavala's decision to run as an independent and the emergence of other independent candidates shape the dynamics among the country's top political parties as they position themselves ahead of next year's election? How badly has corruption eroded the PRI's popularity? Will the ruling party be able to use fissures among the opposition parties to its advantage?

A Andrés Rozental, member of the Advisor board, president of Rozental & Asociados in Mexico City and senior policy advisor at Chatham House: "The list of presumptive presidential candidates that have so far registered with the National Electoral Commission has reached an absurd figure of more than 80. These include a handful of serious contenders and many more that are either just taking advantage of the open registration or who are expressing frustration with their political parties that for one or another reason decided not to nominate them as official party candidates. Margarita Zavala is among the latter, having decided to part ways with the PAN party to which she belonged for more than 35 years because the head of the party, Ricardo Anaya, refused to include her early on in an open selection for the PAN

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Ecuador to Ask OPEC for Exemption on Production Limits

Ecuador cited fiscal problems because of low crude prices. It hopes to increase oil production by 50,000 barrels per day next year.

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BUSINESS

Swiss Re Expects \$3.6 Billion Hit From Disasters

The reinsurance company expects heavy claims following the recent hurricanes in the Caribbean and earthquakes in Mexico.

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POLITICAL

New Governors Must Submit to Assembly: Maduro

Venezuelan President Nicolás Maduro said governors who do not submit to the country's powerful new "constituent assembly" will not be seated. Five opposition governors had refused to attend a swearing-in ceremony before the assembly.

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Maduro // File Photo: Venezuelan Government.

POLITICAL NEWS

Venezuela Governors Must Submit to Assembly: Mauro

Venezuelan President Nicolás Maduro said Thursday that governors who do not submit to the country's powerful "constituent assembly" will not be seated, EFE reported. "Anyone who is not sworn in and subordinated to the National Constituent Assembly will not be able to assume his position," Maduro said during an event in Aragua State. Maduro's government on Thursday replaced the five opposition governors who won election on Sunday with ruling-party substitutes, The Wall Street Journal reported. The five opposition governors-elect on Wednesday refused to take part in a swearing-in ceremony in Caracas before the constituent assembly, which Maduro's government created earlier this year and which has declared itself superior to all other institutions of government, including the opposition-controlled National Assembly and the courts. Also on Thursday, the opposition released evidence that it says shows electoral fraud in Bolívar State, where election officials declared ruling-party candidate Justo Noguera, an active military major general, the winner of the state's gubernatorial election, The Wall Street Journal reported. The opposition alliance uploaded to its Web site copies of 11 voting machine receipts from the state. The government's official results gave Noguera 2,000 more votes than the receipts showed, while the margin of victory between Noguera and his opponent, Andrés Velásquez, was 1,500 votes, the newspaper reported. "We caught them with their hands in the cookie jar," Velásquez said in a tweet. The head of Venezuela's National Electoral Council, Tibisay Lucena, called Sunday's balloting "impeccable," and Maduro said the country has "the most perfect electoral system in the world." The electoral council did not respond to requests for comment from The Wall Street Journal on the alleged fraud. The opposition alliance has accused Maduro's government of hundreds of electoral irregularities, including

voter harassment and last-minute changes at polling stations. The United States has called the vote "neither free nor fair" and has pledged further sanctions against Maduro's government. Earlier this year, the United States froze assets of top Venezuelan officials, including Maduro, and barred Americans from doing business with them. Washington has also restricted Venezuela's government from tapping U.S. debt markets for financing. [Editor's note: See [Q&A](#) about Venezuela's regional elections in Thursday's Advisor.]

Brazilian Officials Probe Reconstituted Food Plan for Poor

Brazilian prosecutors are opening an inquiry into a plan to feed the poor and schoolchildren a flour made out of food close to its sell-by date, which critics have called "human pet food," The Guardian reported Thursday. The flour, called farinata, has been touted by leaders including São Paulo Mayor João Doria and the city's Catholic cardinal, Dom Odilo Scherer, as being a solution to feeding the needy at a low cost. However, prosecutors are calling for more information into the product's nutritional content and are seeking to investigate whether adequate or even any testing has been done on farinata. "There is an uncertainty over the nutritional value of this food," said São Paulo state prosecutor José Bonilha. "What were the tests and the documents that authorized the announcement of its introduction?" Doria announced the plan to use this product on Wednesday, and described farinata as a "solidarity food" made to "combat hunger and supplement people's alimentation." Cardinal Scherer said he was "offended" by claims that farinata is pet food. He said the product is made from food "from restaurants that is ready for use and for it to be safely put on the table of those who are hungry rather than thrown away." Nutritionists have said not enough is known about the product, including whether it is safe for consumption. "It is not food, it is an ultra-processed product," said Marly Cardoso, a professor of public health and nutrition at

NEWS BRIEFS

Ecuador to Ask OPEC for Exemption on Production Limits

Ecuadorian Oil Minister Carlos Pérez on Thursday said the South American country plans to ask the Organization of Petroleum Exporting Countries, or OPEC, in November for an exemption on production limits, citing fiscal problems because of low crude prices, Reuters reported. Ecuador is OPEC's smallest member state, and it has been struggling over the last year with its fiscal deficit and funding needs, due to a massive earthquake last year and low oil prices. Ecuador hopes to increase its production by 50,000 barrels per day next year, and hopes to exploit new reserves in the Tiputini and Tambococha fields, as well.

Judge Orders Trial for Former Chief of Brazil's Olympic Committee

The former chief of Brazil's Olympics committee, Carlos Nuzman, is to stand trial for allegations of involvement in a corruption probe of alleged bribery with the goal of securing Rio de Janeiro as the host of the 2016 Summer Games, a Brazilian judge ruled on Thursday, Reuters reported. Nuzman was indicted on charges of racketeering, money laundering and violating currency laws. He has denied any wrongdoing. Five other officials from Brazil's Olympics committee will also stand trial.

Walmex Reports 19.5% Rise in Third-Quarter Profit

Wal-Mart de México on Thursday reported 8 billion pesos (\$425 million) in net profit from continuing operations for the third quarter, a 19.5 percent rise from the same period a year earlier, MarketWatch reported. The retailer's earnings beat expectations. Same-store sales grew 7.8 percent in the third quarter to 136.79 billion pesos, the company said, citing higher sales and cost-containing measures.

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candidacy. The governor of Nuevo León—the first independent state governor to have won an election, although he previously belonged to the PRI—is also a serious option, as is Armando Ríos Piter, who is running as an independent after leaving the PRD. The threshold to be officially registered as an independent is huge: over 850,000 signatures from at least 17 states. What all this shows is that the three major parties are in disarray, with members openly feuding among themselves to be chosen as the single candidate, even though the PAN, PRI and PRD have not yet decided on the methods they plan to use for the selection process. Corruption and impunity will be the focal point of the 2018 presidential election, and the PRI will undoubtedly carry much of the blame for the current state of affairs. However, the PRI ‘machine’ is a formidable one, and the party is betting that the disarray among the opposition and the massive amounts of money that were spent, for example, in the State of Mexico this year to obtain the PRI governorship, will be able to carry them to victory next year. Margarita Zavala is hoping that she can pull close to 7 or 8 percent of votes away from the PAN and thus lead her former party and its leader to defeat as a way of showing that she would have been the best option.”

A Ruben Olmos, president of Global Nexus LLC in Washington: “This will be the first presidential election in which the relevance of independent candidacies will be tested, as they are a relatively recent figure in Mexico’s political system. According to the National Electoral Institute, at least 85 citizens have registered to run as independents. Many of these candidates come directly from the ranks of political parties, as is the case for Margarita Zavala and Governor Jaime Rodríguez, ‘El Bronco.’ These spaces, designed for civil society, have also been exploited by traditional politicians. The case of Zavala is relevant, as she was considered among the strongest

PAN candidates by recent polls. As soon as she announced she was running as an independent, the so-called Citizen Front, formed by the right-leaning PAN and the leftist PRD, and its potential candidate Ricardo Anaya (PAN’s chairman), slipped to third place, according to the latest poll by El Financiero-Bloomberg, securing around 16 percent support. Vote fragmentation may become an opportunity for the ruling PRI, as the same poll now places the PRI’s frontrunner, Interior Secretary Miguel Ángel Osorio Chong, in second place, ahead of the Citizen Front. The PRI was very effective with a ‘divide and conquer’ strategy in the recent election in the State of Mexico, which it was able to retain. Nevertheless, the diversity of independent candidates is positive for Mexico’s young democracy, as it boosts discussion and pushes traditional parties to include different items in their electoral platforms, such as indigenous rights, gender equality and proposals for tackling corruption. Parties will also be forced to differentiate their political views and position themselves on specific issues; for instance, the Citizen Front will have to be clear on its stance on civil liberties, an important issue for many of its traditional voters. The reality is that we will see a real competition among just two or three independent candidates. The rest are just part of a larger crowd trying to gain some public attention. Given how strong political parties and their political operations are in Mexico, it is highly unlikely any of the independents will succeed and become president.”

A James R. Jones, member of the Advisor board and chairman of Monarch Global Strategies: “The 2018 Mexican presidential election is shaping up to have so many variables that it is hard to predict a probable outcome. There could be a raft of recognized, serious independent candidates, as many as three to five, which could siphon off votes that would normally go to the more established political

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the Federal University of São Paulo. “You don’t know what is in it.”

BUSINESS NEWS

Swiss Re Estimates Claims Burden From Disasters at \$3.6 Bn

Swiss Re, the world’s second-largest reinsurer, has estimated that its claims burden for the damage caused by Hurricanes Harvey, Irma and Maria and two earthquakes in Mexico is approximately \$3.6 billion in the third quarter, Reuters reported today. The reinsurer said the estimate was before tax, but net of



Cole // File Photo: Swiss Re.

reinsurance, the Financial Times reported. The company added that claims are subject to “a higher-than-usual degree of uncertainty and may need to be subsequently adjusted as the claims assessment process continues.” Of that burden, some \$175 million is attributed to damages from the earthquakes in Mexico, Reuters reported. Reinsurers such as Swiss Re are a financial backstop for insurance companies, helping pay out large amounts of money for damage claims after natural disasters in exchange for part of the premiums customers pay. “Swiss Re maintains a very strong capital position and high financial flexibility to support our clients’ needs, respond to market developments and execute on our capital management priorities,” Chief Financial Officer David Cole said in a statement Friday. The company said the total insured market loss caused by the recent natural disasters is approximately \$95 billion, the Financial Times reported.

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parties. One of the biggest wildcards is President Trump and whether his rhetoric and tweets will push the Mexican body politic into a corner that favors one of the presidential candidates. It's hard to imagine any of the independent candidates being more than a 'spoiler.' Raising money, organizing people to canvas the vote and provide personnel for each of the thousands of polling places is a huge task. The PRI is best equipped to raise the money and for organization. But the PRI faces the challenge of selecting the candidate who is not identified with the tactics and taint of the 'old PRI.' If it selects someone who not only can energize the PRI base but also appeal to moderate PAN members, it could be a very close race between the PRI and Andrés Manuel Lopez Obrador's Morena party. As of now, it appears the winner will again be by a plurality, not a majority, with 35-38 percent of the vote being enough to win. That will mean that the next president will probably be dealing with a fractured Congress that will require coalitions to be formed to govern. Next year appears to be a most interesting and unpredictable year for politics in Mexico."

A **Duncan Wood, director of the Mexico Institute at the Woodrow Wilson International Center for Scholars:** "Zavala's decision to resign from the PAN is a hammer blow to the party's chances of winning the July 2018 presidential election. Although there is still an outside chance that Ricardo Anaya can generate enough support from the party and the broader Mexican electorate to effectively challenge AMLO, it is much more likely that the split in the PAN vote will end up benefiting the PRI, especially if José Antonio Meade becomes the PRI's presidential candidate. Early polls suggest that the PRI has already picked up votes, albeit in polls with Interior Minister Osorio Chong named as the candidate. But Meade has broad cross-party appeal, having served in the governments

of both parties, and is widely respected as a knowledgeable and decent patriot. We should not forget, however, the serious obstacles that remain for any PRI candidate in next year's elections. The extraordinarily

“Zavala's decision to resign from the PAN is a hammer blow to the party's chances of winning the July 2018 presidential election.”

—Duncan Wood

low approval ratings for President Enrique Peña Nieto, and the multiple scandals in which his government has been involved, present a compelling case for change. The phenomenon of the independent candidates muddies the waters a little, with a long and growing list of individuals (85 so far) putting their names forward, although most will fail in their attempt to collect the 866,593 signatures (1 percent of the electorate) from voters in at least 17 states that they need acquire official candidate status. But if we imagine that, by Election Day, there are at least five serious independent candidates, and that Zavala continues to receive the support of around 7-10 percent of the electorate, then the independent vote may end up at around 15 percent of the total. That would mean that whichever of the main party candidates wins, they will probably end up doing so with less than 30 percent of the total vote. This presents serious implications for the legitimacy of the next president, and the calls for a political reform that would bring a second round of voting in presidential elections would certainly increase."

The Advisor welcomes comments on its Q&A section. Readers can write editor Gene Kuleta at gkuleta@thedialogue.org.

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