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FEATURED Q&A

What's at Stake in Mexico's June Midterm Election?



Mexican President Andrés Manuel López Obrador's Morena party has been leading polls ahead of the country's June 6 midterm election. // File Photo: Mexican Government.

Q **Mexicans on June 6 will elect the entire Federal Chamber of Deputies, as well as 15 governors and members of 30 state legislatures, in the nation's first major vote since President Andrés Manuel López Obrador took office in December 2018. The ruling Morena party, which currently holds a majority in both chambers of Congress, is leading in the polls with 56 percent of respondents' support, Bloomberg News reported. What's at stake in Mexico's midterm election, and which issues are most important to voters? Will opposition parties' coalition garner enough support to strip Morena of its near-supermajority in Congress? To what extent, and in what ways, might the results influence López Obrador's political agenda going forward?**

A **Earl Anthony Wayne, former ambassador to Mexico and co-chair of the Mexico Institute Advisory Board at the Woodrow Wilson Center for International Scholars:** "President López Obrador is pressing for a large victory June 6 that provides a strong mandate to pursue his 'fourth transformation' (4T) of Mexico. He has become more aggressive in this effort, sharply criticizing individuals and institutions he views as opposing his plans or limiting his freedom of action. Mexico's voters are getting a clear sense of their president's strong desire to push ahead with major reforms that will concentrate more power in the presidency and the state. In early May, AMLO and his party, Morena, retained the level of public support that produced victory in 2018. However, recent polls suggest a downturn and a greater likelihood that Morena and its allies could fall short of the two-thirds majority need-

Continued on page 3

TODAY'S NEWS

POLITICAL

Leftists to Dominate Chile Constitutional Assembly

Leftists will dominate the special assembly that will be tasked with writing a new constitution for Chile, according to results announced Monday.

Page 2

ECONOMIC

Argentina Halts Beef Exports for 30 Days

The country's government suspended foreign sales of beef to fight price increases on the domestic market.

Page 2

POLITICAL

Security Forces Will Clear Roadblocks in Colombia: Duque

Colombian security forces will clear roadblocks that demonstrators have erected around the country, said President Iván Duque. The protests have led to shortages of food and fuel in some areas.

Page 2



Duque // Photo: Colombian Government.

POLITICAL NEWS

Colombian Security Forces Will Clear Roadblocks: Duque

Colombian security forces, in coordination with mayors and provincial governors, will clear roadblocks that protesters have erected around the country, President Iván Duque said Monday, Reuters reported. The demonstrations, which have occasionally turned deadly, began in late April in response to a now-canceled government tax reform plan. The protests have expanded to include discontent over issues including poverty and police brutality. The roadblocks have led to shortages of food and gasoline across Colombia, particularly in the city of Cali, which has been a focal point of the protests. In a statement Monday, Duque said he had ordered “the increase of all operational capacity of our public security forces on the ground to—together with mayors and governors—unblock the roads of our country with strict adherence to human rights,” Reuters reported. Duque added Monday that the government will subsidize 25 percent of the minimum wage for young workers for at least a year. [Editor’s note: See related [Q&A](#) in the May 11 issue of the Advisor.]

Leftists to Dominate Chile Constitutional Special Assembly

Leftists will dominate Chile’s special assembly that will be tasked with writing a new constitution for the country, according to results announced Monday, The Wall Street Journal reported. The outcome was a major blow for President Sebastián Piñera’s center-right Chile Vamos coalition, which won just 37 seats in the 155-member assembly, the newspaper reported. The coalition’s failure to garner at least one-third of the seats will deprive it of the power to veto proposed new articles in the constitution. Approximately 70 percent of the seats will go

to left-leaning groups and independent delegates, most of whom are leftists. Chile’s stock market plunged more than 10 percent at the open on Monday, while the country’s peso fell approximately 2 percent against the U.S. dollar. “This isn’t just a punishment of the right, but the entire political class,” Claudia Hess, a political scientist at the University of Chile, told The Wall Street Journal. “It’s a vote that says we don’t want more of the same, we want new political actors. It is a vote asking for a profound change.” The Communist Party won 28 seats, and 17 were reserved for Indigenous people, the Associated Press reported. Activists have been campaigning for the new constitution to include women’s equality measures, as well as protections for the environment and Indigenous people, as well as a right to abortion, the wire service reported. Meantime, conservatives want the new constitution to maintain a strong private sector for the country, as well as rules that would make it difficult to approve major legislative reforms. However, getting provisions into the constitution will require a two-thirds majority of the delegates, the AP reported.

ECONOMIC NEWS

Argentina Suspends Beef Exports to Fight Domestic Price Rise

Argentina, one of the world’s top beef exporters, has halted foreign sales of the meat for one month to fight price increases on the domestic market, the government said in a statement on Monday, Agence France-Presse reported. Argentina exported some 819,000 tons of beef in 2020, among the highest volumes sent abroad by any country. It sold \$3.37 billion worth of beef and cow leather last year, 16.5 percent lower than in 2019, primarily to China, Germany and Israel, according to state statistics agency Indec. “As a consequence of the sustained increase of the price of beef on the domestic market, the government decided to implement a set of measures aimed at regulating the sector, restricting speculative

NEWS BRIEFS

U.S. State Department Deems Bukele Allies Corrupt in Report

In a report to members of the U.S. Congress, the U.S. State Department deemed allies of Salvadoran President Nayib Bukele, including his cabinet chief, Carolina Recinos, as corrupt, the Associated Press reported today. The list of five Salvadoran officials was part of a larger list of 12 Central American officials, including Honduran and Guatemalan politicians, accused of graft or ties to drug trafficking.

U.S., Canada Urge Mexico to Respect Foreign Investment in Trade Talks

The United States, Canada and Mexico held the first meeting of the United States-Mexico-Canada Agreement (USMCA) Free Trade Commission on Monday, with the United States and Canada urging Mexico to respect foreign investment in the country, Reuters reported. Mexican Economy Minister Tatiana Clouthier met virtually with her counterparts, U.S. Trade Representative Katherine Tai and Canada’s Mary Ng. Among issues discussed were Mexico’s current energy policy, auto sector rules of origin, Mexico’s labor market reform and cooperation on environmental issues, Reuters reported.

Brazilian Bus Company Itapemirim Plans to Launch Airline

Brazilian bus company Itapemirim, which is set to emerge from bankruptcy this month, announced plans to launch an airline in June, Reuters reported Monday. The company, which spent the last five years reorganizing under bankruptcy protection, expects to have a fleet of 50 Airbus A320 planes by 2022 and then “multiply that number several times.” Eleven air carriers have failed to succeed in Brazil so far since 2000.

practices and avoiding tax evasion in foreign trade," the office of President Alberto Fernández in a statement, AFP reported. "During the implementation of these measures, beef exports are limited for 30 days," it added. The halt on exports is similar to moves in the governments of former Presidents Néstor Kirchner and Cristina Fernández de Kirchner, who is now vice president, La Nación reported. Critics blasted the decision as a "measure that failed in the past and will continue to fail," said Horacio Salaverri, president of the Confederation of Rural Associations of Buenos Aires and La Pampa (Carbap). If sustained, the measure will bring lower investment and unemployment in the industry, he added. Inflation in the South American nation hit 4.1 percent in April, reaching a total increase in consumer prices of 17.6 percent since the beginning of the year, according to Indec.

BUSINESS NEWS

Brazil's Perfin to Invest \$1 Billion in Brazil Renewables

Brazilian fund manager Perfin has created a new firm centered on renewable energy generation, solar in particular, with investment expected to reach 5.5 billion reais (\$1 billion) by 2025, Reuters reported, citing the chief executive of Mercury Renew, as the new company is called. The firm, which has an operational partnership with energy generator Servtec, will focus on solar projects in the southeast and center-west regions of the South American country. It will also seek to sell electricity directly to companies that usually buy it on the free market, such as large industries and businesses, according to the report. "The aim is to explore these avenues, both in the free market and in renewable generation, with the decarbonization of the economy," CEO Pedro Fiuza told Reuters. Mercury Renew is Perfin's latest venture into Brazil's energy sector, a move that highlights growing interest in the country's electricity sector and its potential in renewables.

FEATURED Q&A / Continued from page 1

ed in the Chamber of Deputies to amend the constitution. This helps account for AMLO's harsher criticisms, including of the National Electoral Institute, and new investigations of opposition figures. The president has also taken a more nationalistic tone, including by criticizing the United States for funding NGOs that criticized the government. AMLO remains very popular, but there has been consistent criticism of government performance on Covid-19, the economy and security. Key for the election outcome will be the vote tallies in swing districts, where good polling data is lacking. Covid's effect on voter turnout remains a wildcard. If AMLO's coalition wins a large majority in Congress and among governors, he will pursue the 4T vigorously. Even with a more modest victory, AMLO will likely press hard to achieve as much of his vision as possible before the end of his six-year term."

A Lorena Becerra, political analyst and head of polling at Grupo Reforma: "This midterm vote is unlike any other because of the size of the local elections concurrently taking place. The opposition has formed successful alliances in some states, federal districts and municipalities that pose an important challenge to Morena. Voters will be making their decisions with their local and state authorities in mind, and the most pressing issues focus on the economy, insecurity and the Covid pandemic. The fact that López Obrador will not be on the ballot this time leaves room for local forces to become very salient and, in many states, even influence the vote for federal congresspeople. Morena will be held accountable for the way it has governed in many states and municipalities, including disastrous governments in Veracruz, Morelos and Puebla. All of these factors will hinder the possibilities for López Obrador to hold to his constitutional majority in the lower chamber. Finally, Morena is on track to lose important races in which it had started off as a front-runner in the polls,

such as in Nuevo León and San Luis Potosí. It will also face important losses in the center of the country. This election represents the most important redistribution of power during López Obrador's term in office, and the country will look very different for him starting June 7. We have yet to see how and whether willing he will be to negotiate with the opposition during the second half of his administration."

A Alma Caballero, director at McLarty Associates: "The June 6 midterm elections will be the largest in Mexico's history, with 15 governorships, the entire Chamber of Deputies (500 seats), 1,063 local legislature seats and 19,760 municipal posts up for grabs. With 93.9 million eligible voters, this election is shaping up to be the most

“A decisive Morena win would solidify AMLO's centralization of power and lead to a more authoritarian state...”

— Alma Caballero

consequential in Mexico's short democratic history as various fundamental issues are at stake, including the possibility of altering the country's system of checks and balances. Despite the president's party, Morena, being favored to win multiple races, the outcomes are still unclear. However, recent polling suggests that the Juntos Haremos Historia electoral alliance (Morena, PT, PVEM) will obtain a simple majority in the congressional race, and Morena will advance in the number of states it governs. The Va Por México coalition (PRI, PAN and PRD) was created to counter Morena's overwhelming congressional majority and serve as a check on AMLO during the second half of his six-year term. A decisive Morena win would solidify AMLO's centralization of power and lead to a more

Continued on page 4

FEATURED Q&A / Continued from page 3

authoritarian state, one characterized by further deterioration of Mexico's investment climate and increased tensions between the public and private sectors. A strong showing from the opposition would increase checks and balances on the executive while marking a gradual return to predictability and certainty in policymaking."

A Ruben Olmos, president of **Global Nexus**: "The upcoming elections are the largest in Mexico's history, given the number of officials who will be elected—500 federal deputies and more than 19,000 state and local authorities. According to the national electoral authority (INE), there are 94 million registered voters in Mexico. While midterm elections tend to have lower voter participation, this time around we can anticipate a more than 50 percent participation at the polls. This is a critical election for the remaining three years of President López Obrador's administration and particularly for the future of his 'fourth transformation,' leftist, populist agenda. While recent polls show his popularity is high and Morena candidates leading in many areas of the country, the poor handling of the Covid-19 crisis and

the dire economic scenario—including a deteriorating business climate and escalating crime—gives the opposition coalition a chance to surprise many in the election outcome. The final days of the campaign will be critical. If polls show Morena losing,

“The final days of the campaign will be critical.”

— Ruben Olmos

López Obrador might sharpen his rhetoric against the opposition, including a last-minute arrest or scandal. His government could alter the Covid-19 stoplight system to avoid a high voter turnout and discredit the electoral authority and the final results, which could also include post-election civil unrest. At this point, it is unlikely that his party and coalition will win the majority he needs in Congress to make additional reforms to the constitution and to continue to erode the country's young democracy and institutions."

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

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Q&A

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