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## FEATURED Q&A

# Why Does Mexico's López Obrador Want a Recall Vote?



Mexican President Andrés Manuel López Obrador, who recently passed the halfway point of his presidency, has pushed for a referendum for voters to decide whether he should finish his six-year term. // File Photo: Mexican Government.

**Q** Mexican President Andrés Manuel López Obrador reached the halfway point of his six-year term in December. Late last month, the president announced that his supporters had collected 10 million signatures, far more than were legally required, for a recall referendum on April 10 to allow voters to weigh in on whether he should finish his term—a vote López Obrador himself has pushed. Why has the president sought the referendum, and what are the likely results? How good of a job has López Obrador done in the first three years of his presidency? What have been his biggest successes and failures thus far?

**A** Andrés Rozental, member of the Advisor board, president of Rozental & Asociados in Mexico City and senior policy advisor at Chatham House: "Mexico's Congress approved the recall referendum process as a constitutional amendment at the end of 2019, and it is now mandated by law in Mexico. President López Obrador and his Morena movement have twisted the recall plebiscite into a popular consultation on whether he should remain in office until the end of his term, rather than a consultation on whether he should be removed. This was not the intention of the constitutional change, but politically it serves AMLO's ego to have a large number of Mexicans reaffirm his mandate and show that he is still popular. The referendum will be held on April 10 as the Supreme Court mandated, in spite of the National Electoral Institute (INE) not having sufficient financial resources to install the same number of polling places as it had for the 2018 presidential election. This is also mandated by the Constitution. The law requires

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## TODAY'S NEWS

### POLITICAL

## Spyware Targets Salvadoran Journalists: Report

Dozens of Salvadoran journalists and activists were reportedly hacked through the use of sophisticated spyware.

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### BUSINESS

## France's Valloirec Fined \$51.6 Million for Environmental Damage in Brazil

French steel-manufacturing company was fined for environmental damage in Brazil's Minas Gerais state.

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### BUSINESS

## Mexican Officials to Scrutinize Citi's Banking Exit

Mexican officials said they will closely scrutinize Citigroup's proposed sale of its consumer banking unit there over concern that whoever buys it will control too large a share of the market. Billionaire Ricardo Salinas Pliego is among those expressing interest in the operations.

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Salinas Pliego // File Photo: Facebook page of Salinas Pliego.

## POLITICAL NEWS

## Salvadoran Activists, Journalists Targeted by Spyware: Report

Some 35 activists and journalists in El Salvador have been targeted by highly invasive spyware in an effort to extract information from their cell phones, according to a joint investigation by groups including Amnesty International and University of Toronto research group Citizen Lab, The Wall Street Journal reported Wednesday. The Pegasus spyware, which Israeli firm

“This was jaw-droppingly aggressive and persistent hacking.”

— John Scott-Railton

NSO Group sells to government clients, was used to access phone conversations, contact information, photos, video and voice recordings belonging to journalists and editors in 2020 and 2021, the investigation found. “This was jaw-droppingly aggressive and persistent hacking,” said John Scott-Railton, a senior researcher at Citizen Lab, The Wall Street Journal reported. Journalists targeted in the hacking attacks included approximately 20 journalists from local publication El Faro, which has exposed corruption and what it reported were secret negotiations between El Salvador’s government and imprisoned gang leaders relating to financial and prison benefits, The Wall Street Journal reported. The researchers said they were unable to determine who was behind the hacking, but they said it occurred amid government-orchestrated censorship and harassment of media in El Salvador. A spokeswoman for Salvadoran President Nayib Bukele denied any government involvement in the hacking of journalists and said authorities were investigating the use of the Pegasus spyware in the Central American country. “El Salvador is no way associated with Pegasus and nor is it a client of NSO Group,” presidential spokeswoman

an Sofia Medina told the Associated Press. She added that El Salvador’s government does not have licenses to use such software. Medina said that on Nov. 23, she received an alert from Apple, as did other targets of the hacking, saying that she might have been subject to state-sponsored hacking, the AP reported. El Salvador’s justice minister and security minister also received such messages, she added. The joint investigation released Wednesday did not include government officials, said Medina.

## ECONOMIC NEWS

## US. Closing Ports to Mexican Fishing Vessels Next Month

U.S. authorities next month will prevent Mexican fishing vessels from entering ports on the Gulf of Mexico belonging to the United States, the Associated Press reported, citing a National Oceanic and Atmospheric Administration (NOAA) report to Congress released Wednesday. Mexican President Andrés Manuel López Obrador’s administration has not sufficiently prevented Mexican boats from illegally fishing in U.S. waters, the report says. The move, which will go into force Feb. 7 and will deny Mexican boats port access and services, is an effort by the United States to protect valuable red snapper stocks, the AP reported. Mexico has not implemented the environmental commitments related to sustainable fishing practices listed in the USMCA free trade agreement, according to environmental group Oceana Mexico, the AP reported. “The clear U.S. message is that the Mexican government has to clean up its fishing practice or lose a critical seafood trade partner,” Sarah Uhlemann, the director of the Center for Biological Diversity’s international program, told the wire service in an interview. According to the NOAA report, Mexico’s 2023 certification will be based on “observing a measurable decrease in the volume of Mexican lancha incursions into U.S. waters, as well as in the number of repeat offenders.”

## NEWS BRIEFS

## France’s Vallourec Fined for Environmental Damage in Brazilian State

French-owned steel manufacturing company Vallourec was fined 288.6 million reais (\$51.6 million) on Monday by Brazil’s Minas Gerais state for environmental damage, Reuters reported. Heavy rainfall in Minas Gerais caused a Vallourec-owned dike to overflow on Saturday at its Pau Branco mine. No one was injured in the incident. Vallourec has 20 days to pay the fine or present a defense to the Minas Gerais environmental agencies, Reuters reported.

## Remittances to Dominican Republic Rise 26.6 Percent in 2021: Central Bank

The Dominican Republic closed 2021 with \$10.4 billion in remittances, a 26.6 percent increase from the year before, EFE reported, citing a Tuesday release from the Dominican central bank. The bank attributed the results to the economic recovery in the United States, the source of 83.2 percent of the Caribbean country’s remittances. Spain is the second-largest source of remittances to the Dominican Republic, at 7.2 percent. The central bank said the increase has contributed to the stabilization of the peso.

## Colombia’s Gilinski to Have Second-Largest Stakes in Nutresa, Sura

Colombia-based Grupo Gilinski is set to become the second-largest shareholder in processed food producer Nutresa and investment company Grupo Sura, Reuters reported, citing two separate Colombian Stock Exchange statements released on Wednesday. Grupo Gilinski has secured 27.69 percent and 25.42 percent of each of the company’s shares, respectively. Both companies are part of the Colombian Grupo Empresarial Antioqueño (GEA) conglomerate.

## BUSINESS NEWS

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## Mexican Officials to Closely Scrutinize Citi's Banking Exit

Mexican officials said Wednesday that they will closely scrutinize Citigroup's proposed sale of its Mexican consumer banking operations, saying the move poses "delicate" regulatory issues, the Associated Press reported. Citibanamex, which the New York-based financial services company is selling, is the third-largest bank in Mexico, and regulators appear concerned that whichever entity buys it will control too large a share of the country's banking industry, the wire service reported. "The exit of such a large retail bank from our country poses delicate questions for finance and regulatory authorities ... including the fundamental issue of market concentration," Mexico's Finance Department said Wednesday, the AP reported. Citigroup announced Tuesday that it was selling its Mexico consumer banking business, saying it is part of Citi's "strategic refresh." Hours after Citi's announcement, Mexican billionaire businessman Ricardo Salinas Pliego, who runs the smaller Banco Azteca, said in a posting on Twitter that he was considering a bid for Citibanamex. Billionaire Carlos Slim's Inbursa, Mexico's seventh-largest bank, also could present a competitive offer for Citibanamex and would not encounter the same antitrust obstacles as another bank, Grupo Financiero Banorte, which has a larger market share, said Alejandra Marcos, an equity analyst at Intercam Banco, Reuters reported. "The only Mexican bank with the financial capacity for this is Inbursa, but of course other groups of entrepreneurs could join to make an attractive offer," said Marcos. Neither a representative for Slim nor Banorte responded to requests for comment by Reuters. The Citi unit could cost between \$4 billion and \$8 billion, the wire service reported. [Editor's note: See [Q&A](#) on private-sector lending in Mexico in the May 6-19 issue of the Dialogue's biweekly Financial Services Advisor.]

valid signatures by at least 10 percent of the electoral roll in at least 17 states. Although AMLO's followers have submitted more than 10 million signatures, the INE still has to validate each one in order to arrive at the needed number. There does not appear to be any doubt that the requirement has been met and that the recall vote will take place, with a very large number of those who vote wanting the president to remain in office until 2024. As far as any judgment of how well AMLO has done so far in his term of office, I would guess that half of the country gives him failing marks, while the other half still gives him the benefit of the doubt. It will only be in the next presidential election in mid-2024 that we will have a clear idea of how his government was evaluated."

**A** **Pamela Starr, senior advisor at Monarch Global Strategies and professor at the University of Southern California:** "The recall referendum is designed to strengthen AMLO's hand politically. With 67 percent of popular support, the outcome should strongly favor AMLO and serve as a tangible reminder of his populist prowess. It is designed to send the message that challenging AMLO politically could be costly, which should limit divisions in Morena and strengthen his hand in negotiations with a handful of opposition (PRI) politicians whose votes AMLO needs to advance three constitutional reforms. AMLO will also exploit the vote to undermine the legitimacy of the National Electoral Institute (INE). AMLO wants to perpetuate his fourth transformation policies well into the future, and to do so he is willing to manipulate election rules. The INE, and popular trust in it as an unbiased electoral authority, however, stands in AMLO's way. With the legislature having deprived the INE of sufficient funds to run the recall, it seems inevitable that there will be flaws in the process. AMLO will pounce on any shortcomings, especially a weak turnout, to accuse the INE of opposing popular democracy and, hopefully, to

increase political support for an electoral reform that will weaken the INE's authority. Finally, although AMLO insists that he will withdraw from politics at the end of his presidency, it is likely that he will instead try to exploit his personal popularity to influence developments from behind the scenes. A powerful tool in his arsenal will be the ability to rally his supporters to recall a sitting president who diverges from the policy path he has established."

**A** **Rubén Olmos, president of Global Nexus:** "President Andrés Manuel López Obrador remains a very popular head of state with an approval rating of more than 67 percent, according to the latest polls. However, this does not mean that he has been an effective administrator and that things are better in Mexico as he begins the second half of his six-year term. One thing, though, has been clear since the beginning of his political career and presidency: he is a persistent, natural political operator who knows how to communicate with his base and win elections. He understands the value of his brand. The referendum is unnecessary and costly. It has created divisions among political actors, and it has been clear since the very beginning that the ultimate objective was to be on a ballot that he would always win. As we begin the new year, there are many open fronts and challenges ahead. Crime and insecurity have reached historically high levels, and organized crime remains in control of much territory nationwide. The Covid-19 pandemic and unnecessary changes to the health system have resulted in four million cases and 300,000 deaths, among the highest in Latin America. The concentration of power in the office of the president will continue, and the ruling Morena party will control close to 25 of the 32 state governments by 2024, in addition to controlling the legislative and judicial branches. While his pet projects in southern Mexico, such as the Tren Maya and the Inter-Oceanic Corridor in the Isthmus of

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Tehuantepec in Oaxaca, are moving slowly, development has finally arrived in the south. I would say this is one of the president's most important accomplishments so far. While travel and tourism remains a strategic economic sector that has done relatively well, the business climate in Mexico remains unpredictable and the current economic scenario is not favorable. AMLO's brand is likely to remain in control of Mexico for the next six to 12 years."

**A** **Jonathan Hiskey, professor of political science at Vanderbilt University:** "At its core, the 'presidential recall referendum' backed by President Andrés Manuel López Obrador (AMLO), whether successful or not, represents a fairly transparent attempt to capitalize on his principal strength—a widespread popularity among the masses as a 'political outsider'—and conversely, to magnify the principal weakness of his partisan opponents. They would be seen as a group of disconnected, aloof political elites with limited interest in listening to the voice of 'the people.' By seeking to 'empower the people' with the proposed referendum, AMLO solidifies his long-cultivated image as a commoner, while he can easily cast those who oppose the referendum as opponents

of letting 'the people' exercise their political voice. Likewise, any obstacle that stands in the way of the referendum (for example, an insufficient number of verified signatures) simply becomes further 'evidence' that Mexico's political insiders are conspiring to silence the 'voice of the people.' In short, the referendum initiative appears to be yet another attempt on the part of AMLO to exploit for political gain the widespread dissatisfaction among the Mexican public with the political status quo and fortify his connection with 'the people.' For his remaining three years in office, AMLO will undoubtedly rely on the referendum as evidence, whether justified or not, of popular support for his policy agenda. But as we have seen in other countries where leaders have sought to discredit the institutions of electoral democracy in order to advance their own political agendas, the recall referendum, along with AMLO's related attacks on the National Electoral Institute, pose a long-term risk of further accelerating the erosion of popular support for, and belief in, the country's representative form of democracy."

*The Advisor welcomes comments on its Q&A section. Readers can write editor Gene Kuleta at [gkuleta@thedialogue.org](mailto:gkuleta@thedialogue.org).*

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