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FEATURED Q&A

What Influence Will Bolsonaro Maintain in Brazil?



Brazilian President Jair Bolsonaro leaves office on Jan. 1 after losing his bid for re-election, but he and his supporters may continue as a strong force in Brazilian politics. // File Photo: Facebook Page of Jair Bolsonaro.

Q In the weeks after Brazilian President Jair Bolsonaro lost his bid for re-election on Oct. 30, his supporters have blocked roads and camped outside military buildings in Mato Grosso state and elsewhere around the country. Bolsonaro has attempted to challenge the result in a move that the electoral authority's president said appeared to be an effort to instigate protests. How likely are pro-Bolsonaro protests to disrupt Brazil's economy and the transfer of power to President-elect Luiz Inácio Lula da Silva? What is Bolsonaro's goal in challenging the results? To what extent will Lula manage to reduce polarization in Brazil?

A Alfredo Attié, justice at the Supreme Court of São Paulo:
"It was the open opposition to the Constitution and the rule of law that characterized President Bolsonaro's regime. He leaves power without changing his way of acting. Instead, he turns to fanatics who, supported by illicit contributions, try to block roads and set up camp in front of military administrative facilities. This is done just to give the impression that the votes he received should be reflected in resistance to Lula's inauguration. Nevertheless, the market has already understood that this is a farce. It points more to the need to correct the legal structures for the defense of democracy than to a real threat to its permanence in Brazil. To reduce polarization, the president-elect must enlist conservative and liberal representatives connected to democracy on the left and right to eliminate support for Bolsonaro's unstable coalition and anti-democratic project. It depends on the fulfillment of promises related to the well-being of the poorest Brazilian population, whose pre-

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Venezuelan Gov't Depending on Oil to Finance 63% of Budget: Report

Venezuela's government is planning on oil to finance 63 percent of its budget for net year, according to a document seen by Reuters.

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Grupo México in Advanced Talks for Banamex Unit

Billionaire Germán Larrea's Grupo México conglomerate is in advanced talks to acquire Banamex, Citigroup's retail unit in Mexico, Bloomberg News reported.

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POLITICAL

Human Rights Watch Blasts Mexico's Proposed Electoral Reform

Human Rights Watch on Monday criticized Mexican President Andrés Manuel López Obrador's proposed electoral reform, saying it could undermine the independence of election authorities.

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López Obrador // File Photo: Mexican Government.

POLITICAL NEWS

Human Rights Watch Blasts Mexico's Electoral Reform

Human Rights Watch on Monday urged Mexico's Congress to reject President Andrés Manuel López Obrador's proposed electoral reforms, saying they could undermine the independence of election authorities, put free and fair elections at risk and violate international human rights standards. "President López Obrador's proposed changes to the electoral system would make it much easier for whichever party holds power to co-opt the country's electoral institutions to stay in power," Tyler Mattiace, a Mexico researcher at the human rights group, said in a statement. "Given Mexico's long history of one-party rule maintained through questionable elections, it is extremely problematic that legislators would consider a highly regressive proposal that would weaken the independence of the elections authority," he added. The proposed changes would "eliminate many of the safeguards intended to preserve the independence of the two national authorities it would charge with overseeing all elections," Human Rights Watch said. The president's proposal would eliminate state electoral authorities and transfer their responsibilities to the National Electoral Institute and the Federal Electoral Tribunal, "which would become the sole arbiters of all elections in Mexico," the human rights group said, adding that lawmakers are expected to discuss the proposal before their current legislative session ends on Dec. 15. [Editor's note: See related [Q&A](#) in the Nov. 29 issue of the Advisor.]

U.S. Charges Ex-Congressman Over Venezuela Contract

Authorities in the United States on Monday arrested a former U.S. congressman on charges that he tried to lobby U.S. lawmakers

and the administration of then-U.S. President Donald Trump on behalf of Venezuelan President Nicolás Maduro, without registering as a foreign agent, in exchange for signing a \$50 million contract with Maduro's government, The New York Times reported. Rivera, who was in Congress from 2011 to 2013, and an associate, Esther Nuhfer, allegedly made the lobbying efforts in 2017 and 2018, according to a federal indictment that was unsealed on Monday. Rivera was paid \$23.75 million from the contract and split the money with Nuhfer and others. Rivera was bailed out of jail on Monday afternoon after making an initial court appearance in Atlanta, where he had been arrested, the Associated Press reported, citing the U.S. Marshals Service. A lawyer for Rivera declined to comment to The New York Times, saying it was "too soon" to do so.

ECONOMIC NEWS

Venezuela Depending on Oil to Finance 63 Percent of Budget

Venezuela is planning on oil to finance 63 percent of its budget for 2023, a figure slightly higher than this year's, Reuters reported Monday, citing a document it had seen. The stronger reliance on oil comes as the U.S. government's revises its sanctions, first imposed in 2019, on the South American country's state-owned oil company, PDVSA. The easing of sanctions would allow exports to the United States, boosting oil sales. President Nicolás Maduro's government expects the national budget to amount to \$14.7 billion in 2023, the wire service reported, 8.5 percent higher than the 2022 budget, which stood at \$13.6 billion. Revenues from PDVSA would bring in \$9.34 billion to the government's budget, up from this year's \$8.2 billion contribution, though the document did not specify average daily oil output. "The rebound in global demand for post-pandemic crude oil and the impact of the war between Russia and Ukraine on global oil markets have provided the executive branch with additional

NEWS BRIEFS

At Least 34 Killed as Mudslide Engulfs Bus in Central Colombia

A mudslide caused by torrential rain in central Colombia buried a bus and affected two other vehicles, killing at least 34 people, authorities said on Monday, the Associated Press reported. The National Disaster Risk Management Unit reported that eight children were among the dead in the incident that happened in the town of Pueblo Rico in the Risaralda district. More than 70 people assisted with search-and-rescue efforts but on Monday afternoon ended their search after 24 hours.

Biden Administration Invites Brazil's Lula to Visit White House

The administration of U.S. President Joe Biden on Monday invited Brazilian President-elect Luiz Inácio Lula da Silva to visit the White House, a visit that may take place after Lula takes office on Jan. 1, Reuters reported. The invitation was extended in a meeting in Brasília between Lula, U.S. National Security Advisor Jake Sullivan and other top U.S. officials. In a tweet, Lula said he was excited to speak with Biden and deepen bilateral relations.

Brazil's Eletrobras to Propose Merging Shares of Subsidiaries

The Brazilian power company Eletrobras will propose merging shares of subsidiaries including CHESF and CGT Eletrosul into its own shares, the company said on Monday, Reuters reported. The company's board said it will make the proposal at a Jan. 5 meeting with its shareholders. "Such an operation ... unlocks extremely relevant value levers associated with the management and organization of these subsidiaries, which will ultimately be reflected in the expected future appreciation and profitability of Eletrobras itself," the company said.

resources in recent months,” Asdrúbal Oliveros, director at economic analysis firm Ecoanalítica told the Advisor in a [Q&A](#) published on April 18. Though global prices have risen this year, Venezuela’s production is lower, a result of continued divestment, mismanagement and sanctions.

BUSINESS NEWS

Grupo México in Advanced Talks for Banamex: Report

Mexican billionaire Germán Larrea’s Grupo México conglomerate is in advanced talks to acquire Banamex, Citigroup’s retail banking unit in Mexico, Bloomberg News reported Monday, citing unnamed sources familiar with the matter. Grupo México is seeking to finalize terms of a deal with Citigroup for the unit, the sources said on condition of anonymity because of the private nature of the talks. The discussions still could fall through, and no agreements have been reached, the news service reported. Citigroup also could potentially consider an initial public offering of Banamex, the sources told Bloomberg News. Citigroup in January launched the process to sell Banamex, and the number of bidders has dwindled as Mexican President Andrés Manuel López Obrador has placed conditions on the transaction, including that the new owner cannot carry out mass layoffs. Banamex would not be a good fit for Grupo México’s business, said Alfonso Salazar, an analyst at Scotiabank. Such a purchase could signal even more disparate acquisitions by Grupo México, said Salazar. Mexico’s Banca Mifel is also a potential bidder for Banamex, Reuters reported. Other potential suitors, including billionaire Carlos Slim’s Grupo Inbursa, have withdrawn from the bidding, Reuters reported. A Citigroup representative declined to comment to Bloomberg News and Reuters on the report about the advanced talks by Grupo México, and a Grupo México representative did not immediately respond to requests for comment by the news services.

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carious living conditions have deteriorated during the last four years. Economic security for market agents, through economic instruments that demonstrate a commitment to sustainable development—the protection of the Brazilian biomes, as well as the original peoples and marginalized peoples affected by racism—cannot be separated from fiscal responsibility. The government still needs to return to the successful foreign policy of fostering leadership and cooperation with Latin America and Africa as well as Southern Asia. This is a way to build mass and strength to better negotiate and cooperate with the most developed countries.”

A Peter Hakim, member of the Advisor board and president emeritus of the Inter-American Dialogue: “Lula will confront a series of exceptionally difficult challenges following his inauguration on Jan. 1. Following an extraordinarily narrow victory, he now has to build support for a huge shift of national priorities, starting with the management of a newly powerful Congress dominated by opposition parties. He must also move quickly to put a wobbly, debt-burdened economy on a more stable trajectory of growth and greater equity, dismantle his predecessor’s anti-environmental policies and begin to protect the Amazon again, and revive Brazil’s depleted regional influence and international stature. The dimensions of one challenge, however, remains murky and unpredictable—whether Bolsonaro and his many rabid supporters will make a determined effort to reverse Lula’s victory and regain the presidency. Throughout Brazil, some actions in this direction are already underway, sparked in part by Bolsonaro’s claims of a rigged election. One example is the large, raucous and widespread demonstrations across the country, urging some form of military intervention. Another is the chaos-causing blockades of highways in many places. Still, a sizable transition team, led by Lula’s vice president, Geraldo

Alckmin, is preparing for Lula’s return to office, and aside from a few outliers, the military is showing no inclination to interfere in Brazil’s political affairs. The World Cup may be distracting many Brazilians, and toxic politics may yet return full force once the tournament is over, whether Brazil wins or not. The threat from Bolsonaro and his allies, however, appears far less challenging than the danger of a sharp economic decline in Brazil—whether the result of a global recession, poor government decision-making or bad luck. Yet, sustained efforts at political disruption could leave the economy far more vulnerable than it is today. In today’s world everything is connected with everything else, and prediction is evermore harder.”

A Elena Lazarou, associate fellow in the U.S. and the Americas Program at Chatham House: “While in the aftermath of President Bolsonaro’s defeat there have been contained moves by his party to challenge the results and localized pro-Bolsonaro protests, they do not seem likely to disrupt the transfer of power to President-elect Lula. Bolsonaro has maintained a narrative that challenges the legitimacy of the elections, so far it appears that he will give way to the transfer of power and possibly act as a critical and disruptive opposition. To achieve this, Bolsonaro would leverage his influence in a highly divided Congress and in state and local governments where pro-Bolsonaro candidates have made important gains. As some argue, the cultivation of disruptive narratives may also be targeted to maintaining a mobilized base and to ensuring the continuity and credibility of his campaign narratives. This does not mean that the transfer will be easy for Lula. He will inherit a politically polarized country and an economy which by most credible predictions is likely to slow down in 2023; these two dimensions destructively reinforce each other. Political instability brought about by polarization may be further aggravated as Lula and his team

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work to deliver on his economic agenda and promises, which would see higher public spending, combined with tax reform targeting taxes on income and assets, among other things. Factors such as international economic and investor trends, as well as the evolution of Brazil's business environment will be critical in reducing societal gaps. Given the current global geopolitical instability—a result of Russia's war on Ukraine but also of the impact of Covid and rising tensions between the United States and China—the Lula administration is looking at considerable challenges in those areas.”

A **Patrick Duddy, director of Duke University's Center for Latin American and Caribbean Studies and former U.S. ambassador to Venezuela and consul general in São Paulo:** “No significant irregularities were reported after either round of voting in Brazil's election. Since his defeat, Bolsonaro's supporters have been mounting demonstrations in many parts of the country. On Nov. 22, they petitioned the Supreme Electoral Council (TSE) to overturn the election albeit without presenting any persuasive evidence that the results had been manipulated. Their case was summarily dismissed by the TSE the next day. Bolsonaro's followers showed real down-ballot strength, and many were elected in key cities and states. Bolsonaro's party will be the largest in the lower house of Congress. So, what are Bolsonaro's supporters up to? Because Lula's victory was confirmed by the country's electoral officials and all of Brazil's institutions—including the military—support a peaceful transfer of power, the likelihood that they could force a reversal of Lula's election or even postpone Lula's inauguration seems remote. That said, the results of the election and the scope of the demonstrations underscore the strength of Bolsonaro's support around the country and put Lula and his own supporters on no-

tice. They intend to make governing a struggle for Lula. Brazil is now deeply divided, and the forces that carried Bolsonaro into the presidential palace are still formidable even if they are not a majority. Furthermore, they know Lula also lacks a legislative majority.”

A **Henrique Rzezinski, member of the executive committee and former president of Amcham Rio and member of the board of the Council of Foreign Relations of Brazil (CEBRI):** “After such a polarized election with such a close result, it is not a surprise to see big demonstrations in the streets of Brazil. So far, there is no evidence of electoral fraud, and the military has been very clear about its commitment as guardians of the constitutional order. These are the facts, the rest is a continuation of a democratic political fight that will continue for at least the next four years. As a supporter of neither Lula nor Bolsonaro, my perspective is to help the next government to face the important problems we have ahead of us, including the reduction of polarization. Unfortunately, President-elect Lula's first statements since his election do not go in that direction. His confrontation with the market does not help to reduce tensions to the point that three of the country's most important economists (Pedro Malan, Armínio Fraga and Edmar Bacha), who supported Lula, wrote an article warning him about this wrong perspective. Arguing for heavy taxation on big fortunes and succession without having a clear government platform only brings unnecessary unrest. It only helps the continuing demonization of Bolsonaro and Lula, which helps radicals on both sides. It is important now to have a peaceful transition process.”

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

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