

BOARD OF ADVISORS

Diego Arria

Director, Columbus Group

Merike Blofield

Director, Institute for Latin American Studies, GIGA

Devry Boughner Vorwerk

CEO, DevryBV Sustainable Strategies

Joyce Chang

Global Head of Research, JPMorgan Chase & Co.

Paula Cifuentes

Director of Economic & Fiscal Affairs, Latin America & Canada, Philip Morris International

Marlene Fernández

Corporate Vice President for Government Relations, Arcos Dorados (McDonald's)

Peter Hakim

President Emeritus, Inter-American Dialogue

Donna Hrinak

Senior VP, Corporate Affairs, Royal Caribbean Group

Jon E. Huenemann

Council Member, GLG Inc.

James R. Jones

Chairman, Monarch Global Strategies

Craig A. Kelly

Senior Director, Int'l Gov't Relations, Exxon Mobil

Barbara Kotschwar

Executive Director, Visa Economic Empowerment Institute

John Maisto

Director, U.S. Education Finance Group

Nicolás Mariscal

Chairman, Grupo Marhnos

Thomas F. McLarty III

Chairman, McLarty Associates

Beatrice Rangel

Director, AMLA Consulting LLC

Ernesto Revilla

Head of Latin American Economics, Citi

Gustavo Roosen

President, IESA

Andrés Rozental

President, Rozental & Asociados

Shelly Shetty

Managing Director, Sovereigns Fitch Ratings

FEATURED Q&A

What Did Mexico's Senate Pass in a Fast-Track Vote?



Allies of Mexican President Andrés Manuel López Obrador passed several pieces of legislation in the early-morning hours of Saturday, April 29. // File Photo: Mexican Government.

Q In an early-morning session on Saturday, April 29, Mexico's Senate approved legislation including measures to shorten the length of mining concessions to 30 years from 50, as well as a requirement for some of mining companies' profits to be paid to local communities. Ruling-party lawmakers also approved other measures such as lowering the minimum age to be a legislator. What are the most significant measures that received the Senate's approval? How will the mining-related reform affect that sector and investment in it? Why were the bills approved in a fast-tracked process in the middle of the night, and what has been the opposition's reaction?

A Andrés Rozental, member of the Advisor board and president of Rozental & Asociados: "The Senate's late-night approval in an alternate venue of 20 new laws that many consider unconstitutional will undoubtedly lead to judicial review by the Mexican Supreme Court. Not only are some of the laws flagrant violations of the country's constitution, but the procedures involved in their passage by the ruling Morena coalition will also be scrutinized by the nation's highest court since there were many legislative rules that were broken. It's difficult to understand why the ruling coalition went to such unprecedented lengths to get these laws approved at the last minute of the current legislature's session. All that was needed for the entire Congress to consider and vote on them was the judicially mandated nomination and approval of candidates to occupy three vacancies in the National Transparency and Information Access (INAI) body, which has been unable to meet for lack of quorum. The modifications to the mining

Continued on page 3

TODAY'S NEWS

POLITICAL

Colombia Peace Talks 'on Pause' Over Comments by Petro: ELN

The peace talks between Colombia's government and the National Liberation Army rebels are on pause over recent comments by President Gustavo Petro, said ELN leader Pablo Beltrán.

Page 2

ECONOMIC

Mexican Peso Reaches Highest Level Since 2017

Mexico's currency on Monday reached its highest level against the U.S. dollar since September 2017.

Page 3

POLITICAL

Effort to Impeach Ecuador's Lasso Nears Showdown

An effort in Ecuador's National Assembly to impeach President Guillermo Lasso appears to be nearing a critical moment as some lawmakers seek to oust him and the president mulls using his power to dissolve the legislature.

Page 2



Lasso // File Photo: Ecuadorean Government.

POLITICAL NEWS

Colombia Peace Talks ‘on Pause’ Over Petro Comments: ELN

Peace talks between the Colombian government and the National Liberation Army, or ELN, rebels are “on pause,” over recent comments made by Colombian President Gustavo Petro, ELN leader Pablo Beltrán said Monday, the Associated Press reported. In a speech last week, Petro questioned whether ELN negotiators were able to control the actions of their own combatants, and he said younger guerrilla leaders were motivated not by political goals



Petro // File Photo: Colombian Government.

but rather by profits from drug trafficking, the wire service reported. Representatives of the government and the ELN would have to “examine” Petro’s comments before they can continue discussing topics such as a cease-fire and plans for rural development. The two sides launched their third round of talks on May 2 in Havana. The government and the rebels began the negotiations after Petro took office last August. Petro made the comments at the center of the current dispute last Friday to a group of military officers. He described the ELN negotiators as “elderly” leaders who want political changes, the AP reported. However, he said younger ELN leaders are more motivated by drug profits. “They may use the same banners,” Petro said, the wire service reported. “But what motivates them is [profiting from] illicit economies,” he added. Leaders such as Beltrán are “willing to sit down and talk, but are they really in charge?” he said. On Monday, the ELN said the talks were at a difficult moment. “The nego-

tiations have entered into a crisis and clarity is needed from the government, so that the path towards peace is cleared and so that we might speak in plain language to the country and the world,” the ELN said in a statement, Reuters reported. “The peace talks cannot be subject to the fluctuations in the public statements of the president,” it added. The government and the rebels must have a certain level of trust in each other if the peace process is to continue, Jennapher Lunde Seefeldt, assistant professor of government and international affairs at Augustana University, told the Advisor in a [Q&A](#) published Monday. “While ensuring the safety and trust of citizens is indeed a real concern, so too is the trust between the government, the military and the ELN fronts,” said Lunde Seefeldt. “A series of assaults from both the ELN and the Colombian military after the previous rounds of talks ended up fostering more distrust and violence,” she added.

Ecuador Approaching Showdown in Lasso Impeachment Effort

Ecuadorean lawmakers are continuing impeachment efforts against President Guillermo Lasso in a session today, where he is expected to appear, the Associated Press reported. Lasso, whose term ends in 2025, is facing impeachment over embezzlement allegations in the transport industry, which he denies. He was elected in 2021 and has clashed from the start with a strong opposition in the National Assembly. The South American country has also experienced an uptick in drug-related violence, notably several prison massacres. “The removal of the president, being an institutional earthquake in any democracy, will be an event that it will shake the country’s political scene,” said Laura Lizarazo, senior analyst covering Ecuador and Colombia for political risk company Control Risks, the AP reported. It marks the second time the opposition has attempted to oust the president. Last year, the proceedings failed to garner enough votes. The opposition is expected to reach the 92 votes it needs—a two-thirds majority—to remove Lasso from

NEWS BRIEFS

Banco do Brasil Reports 29% Surge in Net Profit for First Quarter

Banco do Brasil on Monday reported a 29 percent jump in profit for the first quarter as compared to the same period a year ago, Reuters reported. The Brazilian state-controlled lender said its adjusted net income for the first quarter reached 8.55 billion reais (\$1.71 billion). Analysts in a Refinitiv poll had expected 8.69 billion reais in profit. The performance of the bank’s credit portfolio helped to drive results, Banco do Brasil said. The lender said its loan portfolio reached 1.03 trillion reais.

Rurelec Agrees to Sell Assets in Argentina, Shares Soar by 56%

Rurelec shares rose by 56 percent on Tuesday after the Latin America-focused utility company agreed to sell its interests in Argentina for up to \$5 million in cash to Verafront, Basic Energy and Esteban Reynal, Dow Jones reported. The company’s primary assets include 701 turbines and the interests in Argentina. The utility company said the sale is expected to be completed in June after it is granted approval from shareholders in a general meeting held next month.

Nubank Reports Record Revenue for First Quarter

Brazil’s Nubank on Monday posted record revenue for this year’s first quarter, amid steady growth and higher average revenue per customer, Reuters reported. Total revenue nearly doubled, year-on-year, to \$1.6 billion in the quarter. Gross profit rose 124 percent to \$650.9 million. The company’s U.S.-listed shares have risen 50 percent this year. Nubank has so far been insulated from the global downturn in the banking sector, which has witnessed heightened volatility after two mid-sized U.S. lenders collapsed.

office, but it remains unclear when this week such a vote will be convened. Lasso has previously warned he would dissolve the legislature and rule by decree—as he may legally do once during his first three years in office—and trigger early presidential and legislative elections. On Sunday, Virgilio Saquicela, who supports Lasso's ouster, was re-elected as head of the opposition-controlled Congress, Bloomberg News reported.

ECONOMIC NEWS

Mexican Peso Hits Highest Level in Nearly Six Years

The Mexican peso on Monday reached its highest level against the U.S. dollar, Bloomberg News reported. The peso gained as much as 0.8 percent against the greenback on Monday, rising to 17.8315 per dollar, its highest level since September 2017, the news service reported. "Stable U.S. rates and a still resilient U.S. economy is a bullish combination" for the Mexican peso, said Erick Martinez Magana, a strategist at Barclays in New York. "We expect this price action to continue until we get initial signs that the U.S. labor market is significantly weakening," he added. The strength of the peso has been supported by high interest rates, a strong flow of remittances and relatively quiet politics, Bloomberg News reported. Mexico has attracted businesses that have wanted to build factories closer to the United States, the news service reported. The trend, known as nearshoring, has boosted investment in Mexico and increased demand for the country's currency. "The issue of nearshoring and remittances gives a very positive perspective to the peso," said Alfredo Puig, a trader at Vector, a brokerage in Monterrey, Mexico, Bloomberg News reported. The peso has also gained amid fears of a potential U.S. default if lawmakers in the United States fail to raise the country's debt ceiling in order to cover already-approved spending, Reuters reported.

FEATURED Q&A / Continued from page 1

law are one of the most controversial rules that were adopted and will probably lead to Canadian and U.S. dispute complaints under the USMCA, adding to those already current in the energy and agro-industrial sectors. Additionally, the change to the duration of mining concessions and other modifications are likely to be seen as further signs of the current administration's anti-private sector policies. Opposition parties were the reason the Morena coalition senators decided to meet in an alternate venue because the main chamber had been 'taken over' by PRI, PAN and PRD legislators who made it impossible to conduct normal business unless the INAI vacancies were filled. This is something that President López Obrador has vowed to prevent given his stated dislike of transparency and access to information oversight of his government."

A Pamela Starr, senior advisor at Monarch Global Strategies and professor at the University of Southern California: "At the direction of President López Obrador and in the wake of the Chamber of Deputies, the Mexican Senate fast-tracked 20 measures into law in 24 hours in late April. This included a series of measures that will further militarize Mexico and other laws that gut independent scientific research, eliminate Mexico's transparency institute, help combat fentanyl production and revise the mining law. Despite a softening of AMLO's original proposal, the new mining law remains problematic. It requires the state-controlled Mexican Geological Service to undertake all mineral exploration. But its meager budget makes it impossible to sustain even a fraction of the current pace of mining exploration. The opposition has promised to challenge the constitutionality of many of these new laws, pointing to shortcomings in the fast-track procedure. The Supreme Court's recent decision to shoot down part of AMLO's electoral reform on procedural grounds suggests that this might be a viable

avenue of opposition. So why did AMLO risk this? Simply put, because he thinks he is running out of time. Probably due in part to his recent health scare, it also reflects the approaching 2024 presidential contest that will absorb most of his and his party's political attention. He needed to act fast and hope for the best."

A Amy Glover, CEO and founding partner of Agil(e): "The rush to legislate at the end of this congressional period by President Andrés Manuel López Obrador's Morena party has implications for internal politics and for Mexico's competitiveness. First, it is clear that AMLO is desperate to ram through his agenda, demonstrating a clear lack of regard for procedural rules. He has tired of the opposition in Congress and the Supreme Court, both of which have stood in the way of his anti-democratic 'Plan B' to weaken the National Electoral Institute (INE), and he is therefore taking a harder line. A prime example was the president's decision to instruct Morena senators to vote on 20 reforms by any means necessary. His party's legislators did so in five hours in an alternative Senate building. Second, several of the reforms rushed through are regressive, though in keeping with AMLO's desire for centralized authority. In this sense, his government is trying to re-establish the modus operandi of authoritarian PRI rule. The implications for the length of mining concessions are less serious than originally feared, but the idea of changing the rules midway through the game on various fronts is concerning. The Science and Technology Law, far from unleashing innovation, seeks to put the state in the driver's seat. The law decreases the autonomy of Public Research Centers (CPIs) and empowers the federal government and the military to dictate policy while leaving the scientific community out in the cold. The militarization of Mexico is a central theme that runs throughout the policies being implemented, and one of the

Continued on page 4

FEATURED Q&A / Continued from page 3

reforms also opens the door for the military to operate its own airline. These reforms are negative for the business environment in Mexico. All of this is not a completely done deal, however, and we expect that the opposition will question the validity of several of these initiatives, asking the Supreme Court to weigh in. Fortunately, the court has been providing checks and balances. Further, in the run up to the 2024 presidential and congressional elections, we can expect more push back from the opposition and hopefully a coherent alternative national agenda."

A R. Kirk Sherr, president of Clearview Strategy Group: "The reforms that the Mexican Senate passed on April 29 were part and parcel of President López Obrador's ongoing effort to limit private sector expansion in resource and energy development. The reforms approved on April 29 affected mining, water and measures related to the environment and waste management. Many of the mining law changes—beyond a shorter concession length and mandatory bid process—increased investment uncertainty by increasing government discretion on key concession elements. For example, the Mexican government will now be able to cancel mining concessions 'due to supervening events or acts of public, general or social interest.' When added to similar discretionary water law changes and environmental changes, junior mining companies correctly argue that mining development will be stymied going forward. The method that majority party Morena used to pass the legislative reforms aggravated the polemics against the reforms. The Senate session was held late at night, outside the main Senate chamber and with no opposition present. Opponents of the mining reforms may be heartened by the Mexican Supreme Court's May 8 invalidation of parts of López Obrador's 'Plan B' electoral reform on the basis that insufficient debate occurred in Congress. Opponents of the re-

cent mining sector reforms may now be emboldened to file injunctions, hoping that the Mexican Supreme Court may also invalidate them due to unconstitutional congressional procedures."

A Ruben Olmos, president of Global Nexus, LLC: "The overwhelming power of President López Obrador and his ruling Morena party is bearing fruit after what we saw on April 29. And it will not stop there: AMLO has already threatened that his powerful political machinery will attempt further constitutional reforms once they fully take over both chambers of Congress in the 2024 elections. The changes in the mining sector should not surprise us as they are part of his nationalistic narrative in which natural resources, including oil and gas, are owned by the people, who therefore are the ones who should be receiving the profits, not the foreign multinationals. These kinds of measures bring uncertainty to investors and create tensions among key allies—Canada has already reacted and will do its best to protect its mining companies. Mexico's opposition needs to regroup and define the best way to come up with a broader coalition that can be attractive to voters in the 2024 presidential, congressional and state elections. Morena's power will continue to grow as AMLO prepares his exit and ensures that his social programs, narrative and political maneuvering in Congress, continue to work and ensures continuity of his 'fourth transformation.' Finally, it is important to note too, that AMLO's narrative will get harsher against the opposition if he feels that he is losing control of the transition, and Morena could also see some internal fractures if it is not happy with the choice of the party's presidential candidate."

The Advisor welcomes comments on its Q&A section. Readers can write editor Gene Kuleta.

LATIN AMERICA ADVISOR

is published every business day by the Inter-American Dialogue ISSN 2163-7962

Gene Kuleta
Editor

Lara Kovandova
Reporter

Leticia Chacón
Reporter

Megan Cook
Reporter



Rebecca Bill Chavez, President

Bruno Binetti, Nonresident Fellow

Sergio Bitar, Nonresident Senior Fellow

Álvaro Botero, Nonresident Senior Fellow

Joan Caivano, Senior Advisor

Kevin Casas-Zamora, Nonresident Senior Fellow

Cristóbal Cobo, Nonresident Senior Fellow

Ariel Fiszbein, Director, Education Program

Sandra García Jaramillo, Nonresident Senior Fellow

Rasheed Griffith, Nonresident Senior Fellow

Peter Hakim, President Emeritus & Senior Fellow

Selina Ho, Nonresident Senior Fellow

Edison Lanza, Nonresident Senior Fellow

Nora Lustig, Nonresident Senior Fellow

Michael Matera, Nonresident Senior Fellow

Ángel Melguizo, Nonresident Senior Fellow

Margaret Myers, Director, Asia Program

Manuel Orozco, Director, Migration, Remittances and Development Program

Jeffrey Puryear, Senior Fellow

Michael Shifter, Senior Fellow

Daniela Stevens, Director, Energy Transition and Climate Program

Tamara Taraciuk Broner, Director, Peter D. Bell Rule of Law Program

Lisa Viscidi, Nonresident Senior Fellow

Carlos Winograd, Nonresident Senior Fellow

Latin America Advisor is published every business day, except for major U.S. holidays, by the Inter-American Dialogue at 1155 15th Street NW, Suite 800 Washington, DC 20005 www.thedialogue.org

The opinions expressed by the members of the Board of Advisors and by guest commentators do not necessarily represent those of the publisher. The analysis is the sole view of each commentator and does not necessarily represent the views of their respective employers or firms. The information in this report has been obtained from reliable sources, but neither its accuracy and completeness, nor the opinions based thereon, are guaranteed. If you have any questions relating to the contents of this publication, contact the editorial offices of the Inter-American Dialogue. Contents of this report may not be reproduced, stored in a retrieval system, or transmitted without prior written permission from the publisher.