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FEATURED Q&A

How Much Is a Far-Right Populist Upending Argentina?



Libertarian economist Javier Milei won the most votes in Argentina's presidential primaries on Sunday. The vote is seen as a major indicator of voter preference ahead of the presidential election, which is scheduled for October. // Photo: Instagram Page of Javier Milei.

Q Far-right populist Javier Milei emerged as the top vote-getter in Sunday's presidential primary in Argentina. At the same time, voters selected former Security Minister Patricia Bullrich as the candidate of the center-right opposition Together for Change (JxC) coalition, and they confirmed Economy Minister Sergio Massa as the candidate of the ruling center-left Union for the Homeland (UP) coalition. Usually a reliable bellwether for the outcome of the presidential elections, what were the most significant results from the primaries? What does the vote mean for the opposition coalition, and the ruling party? What were the biggest surprises?

A Mariano Machado, Americas principal analyst at Verisk Maplecroft: "If there is one certainty in Argentine elections is that one should expect the unexpected. Sunday's vote has raised new questions in the run-up to the Oct. 22 general election. First, the emergence of Javier Milei as the most-voted candidate confirms the sheer scale of a long-brewing repudiation vote. The question is whether this performance is his electoral floor or ceiling. Second, the results make JxC's return to power no longer a given. Although Bullrich emerged as the clear winner over Rodríguez Larreta, the overall result fell below expectations, and the question is whether she can retain and grow her support enough to secure a run-off spot. Third, with Massa at the helm, UP (Peronism) came in third in a presidential primary for the first time ever. Yet, the ruling coalition trails merely 240,000 votes behind JxC. Can the most extensive party machine in the country deliver a second place? The meager distance between the three forces increases

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Negotiators Reject Court Order for Share Sale Involving Citgo

Negotiators and officials representing Venezuela objected to a court-ordered auction of shares of a parent of Citgo Petroleum.

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BUSINESS

Brazil's Nubank Reports Record Revenues for Q2

Nubank, Latin America's largest fintech bank, on Tuesday reported record revenues of \$1.9 billion, along with net profit of \$224.9 million, for the second quarter.

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POLITICAL

Peña Takes Office as Paraguay's President, Vows to 'Build Alliances'

Santiago Peña was sworn in Tuesday as president of Paraguay in a ceremony attended by officials including the vice president of Taiwan. In his inaugural address, Peña vowed to "build alliances."

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Peña // Photo: @SantiPenap via X.

POLITICAL NEWS

Peña Takes Office in Paraguay, Vows to 'Build Alliances'

Santiago Peña took office Tuesday as president of Paraguay, vowing in his inaugural address to "build alliances" and carry out his duties with "firm and ethical leadership," Reuters reported. Peña was sworn in outside the government palace in Asunción before guests including other South American leaders, the king of Spain and Taiwanese Vice President William Lai. Paraguay is the only country in South America that has diplomatic relations with Taiwan and one of only 12 around the world, the Associated Press reported. Earlier this year, Taiwan lost an ally in the region when Honduras cut diplomatic ties with it in favor of establishing formal relations with China. "We will build alliances and cooperation with a geostrategic vision," Peña said in his inaugural address, adding that Paraguay's relationship with Taiwan "is an example of this and of Paraguay's friendly and cooperative spirit with nations," Reuters reported. Peña, of the long-ruling conservative Colorado Party, defeated his closest rival by more than 15 percentage points in the country's presidential election last April. Peña has vowed to focus on job creation and business-friendly policies, as well as low taxes and attracting foreign investment, Reuters reported. The country's economy has been beset by drought that destroyed more than half of last year's soybean crops. Peña has faced pressure from farmers who want increased trade with China, but he has said he would continue Paraguay's relations with Taiwan. Peña also said in his inaugural address that he will work to fight corruption, reduce poverty and also improve health care, security and education, Reuters reported. "Success is making all Paraguayans better off," said Peña. "It is time for a pact to achieve the quality of life that Paraguayan families deserve," he added. Peña faces a challenge of strengthening relations with the United States after the U.S. government accused his mentor, former President Horacio Cartes, of involvement in

corruption. "Governing in the shadow of his political mentor may reduce Peña's independence to make the major decisions that Paraguay urgently needs: a deep pension reform in both the public and private sectors, an optimization of the quality of public spending and a frontal fight against organized crime and rampant judicial corruption," Sebastián Acha, executive director of PRO Desarrollo Paraguay and a former member of Paraguay's Congress, told the Advisor in a [Q&A](#) published Tuesday.

BUSINESS NEWS

Negotiators Reject Order for Share Sale Involving Citgo

Negotiators and officials representing Venezuela have rejected a court-ordered auction of shares of a parent of oil refiner Citgo Petroleum to repay creditors, Reuters reported Tuesday. Some 20 creditors on Monday requested a federal court in Delaware to register their cases against Venezuela and its state-owned oil company PDVSA so they can participate in the auction scheduled for October. Companies including Crystallex International, ConocoPhillips, Tenaris and Exxon Mobil have filed claims totaling more than \$10 billion from expropriations and debt defaults. With interest and fees, the amount could exceed the market value of Citgo, estimated to be between \$10 billion and \$13 billion. The boards that supervise Citgo, which severed ties with its parent company PDVSA, have unsuccessfully tried to renegotiate payments with some of the larger creditors since last year, the wire service reported. "What is the point ... To show that Venezuela owes \$150 billion and cannot pay everyone? Why then to auction off an asset that would make it possible to negotiate additional payments?" Horacio Medina, the head of the board that supervises Citgo, said in reaction to the court's decision to open the auction to all claimants. The administration of U.S. President Joe Biden had been protecting the Venezuelan state-owned oil refiner from seizure by creditors, but

NEWS BRIEFS

Death Toll Reaches 11 After Powerful Explosion in Dominican Republic

The death toll reached 11 on Tuesday following a powerful explosion the day before in the Dominican Republic, the Associated Press reported. The blast happened Monday afternoon at a bakery in the city of San Cristóbal, just west of the capital, Santo Domingo. Ten people remain missing, officials said. "The search for survivors has been very difficult," said President Luis Abinader, who visited the city. The cause of the blast remains under investigation.

López Obrador Planning to Meet With Biden at Forum in November

Mexican President Andrés Manuel López Obrador announced on Tuesday that he will travel to San Francisco in November to participate in the Asia-Pacific Economic Cooperation Forum, and meet with U.S. President Joe Biden, Univision reported Tuesday. The meeting with Biden, in which regional economic cooperation and migration will feature prominently, is scheduled for Nov. 15-17. Together with visits to Colombia, Chile and Canada, it marks one of López Obrador's final efforts at promoting his international agenda in his last year in office.

Power Restored in Most Areas Following Blackout in Brazil

Power fully returned to most of residents in Brazil on Tuesday afternoon following widespread outages for several hours across the country, Reuters reported Tuesday. Brazil's electricity grid was restored at 2:30 p.m. local time, the mines and energy ministry said in a statement, though some "adjustments" still needed to be made in several cities. The power cut occurred as a result of an "incident" that is still being investigated, the ministry had said earlier.

it now supports a potential sale of Venezuela's most prized foreign asset. "The Biden administration's decision to stop blocking the sale of Citgo Refining so as to allow creditors of the Venezuelan government to be compensated marks another milestone in the devastation that the Chávez and Maduro regimes have inflicted on that country," Michael C. Lynch, the president of Strategic Energy & Economic Research, told the Energy Advisor in a [Q&A](#) published May 19.

Nubank Reports Record Revenues for Second Quarter

Brazil-based Nubank, Latin America's largest fintech bank, on Tuesday reported record revenues, along with net profit of \$224.9 million for the second quarter. Nubank's profit beat the expectations of analysts in a Bloomberg survey, who had estimated profit of \$146.6 million. In the second quarter of last year, the company had posted a loss of \$29.9 million. Nubank said for this year's second quarter it had record revenues of \$1.9 billion, a 60 percent increase year-on-year on a foreign-exchange neutral basis. Additionally, adjusted net income reached \$262.7 million in the quarter, and the adjusted return on equity was 19 percent. "This comes as a result of the compounding effect of customer growth and higher levels of customer monetization in Brazil," Nubank said in a statement. "We continue to showcase leading indicators in the region for operating efficiency, and solidity. In Brazil, our growth trajectory continues, as one in every two adults is a Nu customer, and we have become the fourth largest financial institution in the country in number of customers," Nubank's founder and chief executive officer, David Vélez, said in a statement accompanying the earnings release. Nubank said that it added 4.6 million customers in the second quarter, reaching a total of 83.7 million customers globally on June 30. Nubank added that its monthly average revenue per active customer reached \$9.30, an 18 percent growth rate year-on-year on a foreign-exchange neutral basis.

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uncertainty about the pecking order; all of them are statistically able to be one of the two most-voted candidates to enter the all-but-certain Nov. 19 runoff. But the most important question is whether any candidate can break the crowded gridlock in the first round. Come October, the silent tsunami of disfranchised voters—either absent at the ballot box (11 million) or casting a blank vote (1.25 million)—will play a pivotal role in the fate of all aspiring candidates."

A **Alejandro García Magos, lecturer in the Department of Political Science at the University of Toronto and survey specialist**

at RIWI data: "The victory of Javier Milei in Argentina's primary elections (the PASO) wasn't so surprising for us at RIWI data. We've been tracking electoral preferences since July 7, and he was the front-runner right from the start. While his lead certainly diminished as the election date approached, this erosion didn't stop him from securing a solid victory. This outcome can be interpreted as a trend seen across Latin America, where ruling parties face robust opposition that gains support among populations weary of administrative inefficiency, poverty and high levels of insecurity. Be it Milei in Argentina, Bukele in El Salvador or AMLO in Mexico, these political leaders are able to channel popular emotion—both in opposition and in government. This is true regardless of political inclination. It's important to acknowledge that these political figures don't spring up spontaneously. There exists a profound dissatisfaction with the economic and social situation in our countries, which serves as fertile ground for protest votes. However, not everything is rosy for Milei. Two points stand out. First, absenteeism: voter turnout in Sunday's election was the lowest since 1983 in presidential elections. Second, according to our data, Milei is also the candidate who faces the second-highest rejection rate. Looking forward, Milei's significant challenge will be ensuring that

Sunday's victory doesn't become a mere footnote in a long electoral race. From a certain perspective, this race has just begun."

A **Tobías Belgrano, director of Latin American affairs at The New Global Order:** "Argentina's political landscape and its traditional political divisions have experienced a significant backlash in Sunday's primaries. Javier Milei, a populist ALT right leader, emerged victorious in the election, surpassing candidates from the well-established Peronist coalition and the Macrist coalition. The surprising result served as a sobering reality check, particularly for the Macri coalition. The murder of an 11-year-old in Buenos Aires, the death of a protester on 9 de Julio avenue and a currency devaluation only days ahead of the election raised red flags for the Peronist faction, and gave it the final kick for a defeat in the election. However, according to pre-election polls, the anger and frustration would be channeled by the Macrist candidate, Patricia Bullrich, who proposed a strong stance against state intervention and a firm hand against insecurity. One of the prominent victors of the election was the Kirchnerist Governor, Axel Kicillof. He managed to successfully hold on to his district in the face of Milei's libertarian wave. Moreover, he secured a victory against both competitors from the Macrist primary. What is curious about this election is that many voters voted Milei for president, while simultaneously selecting Axel Kicillof for the role of governor. This still gives Peronism a weak but not minor chance to fight back in October, especially in the Argentine electoral process, which has historically been inclined to deliver black swans. Indeed, there is a sense of a changing political climate of the time, and Argentina is not isolated from the global siege that democracy has recently been suffering. We will have to see if the political system can effectively advocate for its own preservation. It's been 40 years since Argentina regained its democracy, in

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a context of a global democratic upheaval. The upcoming challenge will be a testament to its resilience and capacity to effectively respond.”

A **Marina Pera, associate analyst at Control Risks:** “Javier Milei’s performance in the primaries exceeded expectations, as most polls prior to the primaries indicated that he had around 20 percent of the votes and placed him behind the Together for Change (JxC) and the Union for the Homeland (UP) coalitions. Milei’s campaign also recently faced corruption allegations, and the Freedom Advances (LLA) party did not win any provincial elections in the past few months. Despite all this, he did surprisingly well. Even combining the votes of each coalition’s can-

“Abstention was the real winner.”

— Marina Pera

didates, they failed to get as many votes as Milei. Voters did not choose Milei because of his policy proposals, but rather because of disillusionment with the establishment after several economic recessions and broken promises. However, abstention was the real winner: 31 percent of voters skipped the primaries, which underscores voter fatigue in Argentina. Given that voter turnout is usually lower in the PASO than in the general elections, the presidential candidates will fight to attract the apathetic voters who are not necessarily driven by conviction like Milei’s supporters but are more skeptical about profound changes. Since it was implemented in 2011, almost every candidate who won the PASO won the election: the only exception was former president Mauricio Macri in 2015. Even so, this year’s race is still tight, leaving plenty of room for uncertainty. Any two-candidate combination of

Milei, Bullrich and Massa is possible in the runoff, although Milei will most likely retain his upper hand in the race.”

A **Juan Cruz Díaz, managing director at Cefeidas Group in Buenos Aires:** “The primary elections consolidated a ‘triple-tie’ scenario between the ruling coalition Unión por la Patria (UP); the opposition Juntos por el Cambio (JxC) and the outsider option led by Javier Milei and La Libertad Avanza (LLA). The latter’s performance, obtaining first place with 30 percent of the vote, came as a surprise to many, since pollsters had anticipated a drop in LLA’s voting intention following the series of scandals surrounding Milei’s candidacy last month. Milei’s rise will be a challenge for both the JxC and the UP coalitions, which will have to rethink their strategies for October. Despite winning her internal race against Horacio Rodríguez Larreta, Patricia Bullrich (JxC) will still need the Buenos Aires mayor’s moderate profile to win votes in the center of the political spectrum. This will likely become a major battleground between JxC and the UP’s candidate Sergio Massa, who will try to exploit the fear of Milei’s figure in part of the population to present himself as a conciliatory and moderate candidate. The low turnout last Sunday (less than 70 percent) also leaves open the possibility of turning the tide and casting new votes. These primaries reflected the high level of skepticism among the Argentine population toward what Milei calls the ‘political caste.’ For many, the traditional parties have been unable to respond to the demands of Argentines and reverse the economic deterioration the country has experienced in recent years. Milei was able to capitalize on this discontent and take the lead with a surprising performance.”

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

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