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FEATURED Q&A

What Will Come of the Split in Bolivia's Ruling MAS Party?



Bolivia's ruling MAS party is split between supporters of current President Luis Arce and those who back former President Evo Morales (L-R). // File Photo: @LuchoXBolivia and @voesueblo, both via X.

Q Bolivia's supreme electoral court ruled on May 23 that former President Evo Morales is still the leader of the ruling MAS party—reversing the May 5 party congress in which current President Luis Arce's faction removed Morales. The MAS is split between supporters of Morales and Arce, with both men vying to be the party's candidate in next year's election. How and why did the MAS split between Arce and Morales—and how will the party's division affect Bolivian politics ahead of the elections and beyond? Which of the two leaders enjoys more support within the MAS and among the public? What are the chances that Morales will be able to run legally, and what are his odds of returning to the presidency?

A Gonzalo Mendieta, partner at Mendieta Romero & Asociados in Bolivia: "The MAS split because Evo Morales regarded Luis Arce as a mere placeholder. Just months into Arce's administration, Evo sought unsuccessfully to replace key ministers with members of his inner circle. Apparently, there were also disagreements on how to confront the opposition blamed for the 2019 revolt. Evo was for a fiercer crackdown, while Arce imprisoned former President Jeanine Añez and Governor Luis Fernando Camacho mainly to appease MAS' radical factions, leaving other leaders untouched. The MAS is at risk of disappearing. To comply with electoral regulations, the party's congress is to be summoned, but that depends both on the social organizations that Arce controls and on Evo as party leader. Save an unlikely truce, those quarrels will further other politicians' chances in the 2025 election. The Cochabamba mayor, Manfred Reyes Villa, is moving

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TODAY'S NEWS

POLITICAL

Mexico's Ruling Party Wins Supermajority in Lower House

The president of Mexico's ruling Morena party announced Sunday that the party won a two-thirds supermajority in the lower house. It also won a majority of the seats in the Senate.

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ECONOMIC

Paraguay Will Keep Selling Energy to Bitcoin Miners; Minister

Paraguay will continue to sell energy to operations that mine Bitcoin legally, said the minister of industry and commerce.

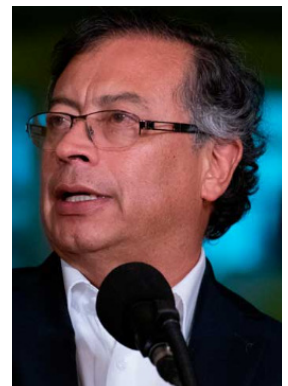
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ECONOMIC

Colombia's Petro Halts Coal Exports to Israel

Colombian President Gustavo Petro announced Saturday that the country would halt exports of coal to Israel in protest of Israel's military offensive in the Gaza Strip..

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Petro // File Photo: Colombian Government.

POLITICAL NEWS

Mexico's Ruling Party Wins Supermajority in Lower House

Mexico's ruling Morena party won a supermajority in the lower house of Congress but fell short of that threshold in the Senate, the party's president announced on Sunday, Reuters reported. The ruling party won a majority of seats in the Senate, and will control 83 of the upper house's 128 seats, but a two-thirds vote in both houses is needed to make constitutional changes. "With a supermajority in the lower house and a majority in the Senate, we will deepen the transformation to keep building a country with well-being and shared prosperity," Morena's president, Mario Delgado, said in a social media post, Reuters reported. In the lower house, the Chamber of Deputies, Morena will control 372 seats of the chamber's 500 seats, above the 334-seat supermajority threshold, the wire service reported. In the vote, Mexicans elected the ruling party's Claudia Sheinbaum the country's first female president. She defeated her main rival, Xóchitl Gálvez, by more than 30 percentage points. Gálvez conceded after the vote, but she has called for a recount of 80 percent of the ballots, Reuters reported. Mexico's electoral authority, INE, has said it would count 60 percent of the votes from the June 2 election. On Friday, outgoing President Andrés Manuel López Obrador vowed to push ahead with controversial constitutional changes, including reforms to the country's judicial system, the Associated Press reported. López Obrador called opponents of the reforms "promoters of nervousness" and claimed that large corporations opposed the judicial reforms because they fear losing judges who López Obrador said are protecting them, the AP reported. Legislators currently appoint or approve judges, but López Obrador's reforms would put judges up for a public vote. Sheinbaum's victory and Morena's strong gains in the election led to falls last week in the country's peso and its stock market. Sheinbaum spent much of last week speaking to investors and

international financial organizations, seeking to calm markets, the AP reported. She said last week that constitutional reforms were still subject to debate. "It has not yet been decided," she said Thursday, the AP reported. "My position is that a dialogue will have to be opened, the proposal must be debated," she added. [Editor's note: See related [Q&A](#) in the May 28 issue of the Advisor.]

ECONOMIC NEWS

Colombia's Petro Halts Coal Exports to Israel Over Gaza War

Colombian President Gustavo Petro announced Saturday that the country's coal exports to Israel would be halted, one of a series of escalating moves and statements Petro has made in protest over Israel's military offensive in Gaza, the Associated Press reported. More than half of Israel's coal imports come from Colombia, and the fuel is largely used by power plants, according to the American Journal for Transportation. Petro took to social media platform X to declare that coal shipments would only restart "when the genocide" in the Gaza Strip stops, and he posted on X a draft of a decree that says exports would resume once Israel complies with a recent International Court of Justice order to withdraw its forces from Gaza, the AP reported. Colombia imports a large amount of its military equipment from Israel, some of which depends on Israeli maintenance, and Colombian coal exported to Israel between January and August 2023 was worth more than \$320 million, according to Colombia's National Statistics Department, the AP reported. "Petro is making a grandiose geopolitical move that is poised to hurt Colombia potentially more financially than Israel, the target of the action," Sergio Guzmán, the director of Colombia Risk Analysis, told the Financial Times in comments published Saturday. Petro broke diplomatic ties with Israel last month, calling Israeli Prime Minister Benjamin Netanyahu's government "genocidal," the AP reported.

NEWS BRIEFS

Canadian Border Agents' Union Outlets Strike on Hold Amid Negotiations

A Canadian border agents' union announced Friday that a strike it had called to demand higher wages, among other guarantees, would be put on hold until Wednesday while negotiations continue, The Wall Street Journal reported. The planned work-to-rule action could have disrupted the passage of commercial trucks across the border, as well as other services, affecting billions of dollars' worth of daily trade. "Discussions have been productive, and we remain committed to reaching an agreement that is fair and reasonable," said Canada's Treasury Board, which is handling negotiations.

Haiti's New Prime Minister Conille Hospitalized Overnight

Newly appointed Haitian Prime Minister Garry Conille spent Saturday night in a hospital due to an undisclosed medical issue and was discharged Sunday, the Associated Press reported. An unnamed source who was with Conille told the AP that he noticed the prime minister, who has asthma, was having difficulty breathing on Saturday and called officials to take Conille to a hospital. Conille appeared to be in good health in a video released on Sunday and said he hoped "that by early next week we can have a government in place."

Brazil's Fluxus Buys Pluspetrol Bolivia

Brazilian energy company Fluxus has agreed to buy Pluspetrol Bolivia for an undisclosed amount, Bloomberg News reported Friday, citing Fluxus CEO Ricardo Savini. Fluxus will eventually transport gas produced in Bolivia to Brazil, said Savini. The Brazilian oil and gas company is owned by brothers Wesley and Joesley Batista, who built beef producer JBS.

Paraguay Will Keep Selling Energy to Bitcoin Miners: Gov't

Paraguay will continue to sell energy to legal Bitcoin miners at the same time it is seeking to attract other types of industry, said the country's minister of industry and commerce, Javier Giménez, Bitcoin.com reported today. "We are rushing to attract industries, but it would be good if we give energy to cryptocurrency miners, where there is demand, so that they use it in the meantime," Giménez told Brazilian executives of the joint Brazil-Paraguay commerce chamber. Some years from now, Paraguay's government will seek to substitute Bitcoin mining with other industries that are more labor-intensive in order to create jobs, Giménez added. However, he said that transition could be unpopular. Paraguay has been taking action against Bitcoin miners that act illegally and recently disconnected a Bitcoin mining operation that had more than 2,700 miners linked directly to Paraguay's electricity grid, which allowed them to evade payment for the energy used for the operations, Bitcoin.com reported. In April, lawmakers in Paraguay introduced legislation to ban cryptocurrency mining in the country, saying illegal mines disrupt Paraguay's power supply, Coin Telegraph reported. If passed, a ban would take effect in 180 days or until the operator of Paraguay's power grid can ensure sufficient energy supply. However, such a ban could be costly to the country, Jaran Mellerud, co-founder of Hashlabs Mining, told Coin Telegraph in April. "Banning Bitcoin mining could cost Paraguay more than \$200 million a year, assuming the country has 500 megawatts of legal miners paying 5 cents per kilowatt-hour in operating expenses," said Mellerud. Bitcoin mining has provided "significant, positive contribution to Paraguay's trade balance," Mellerud added. Bitcoin mining operations are required to register and receive authorization from Paraguay's Ministry of Industry and Commerce, Coin Telegraph reported. [Editor's note: See related Q&A in the April 24 issue of the biweekly Financial Services Advisor.]

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ahead in the polls. He is ambiguous enough not to be polarizing for MAS' ideology, often batters Evo and gets along with Arce's government. Despite his Evo allegiances, Andrés Rodríguez, the young Senate president, is growingly seen as a better MAS candidate than Evo or Arce. Due to the economic crisis, Arce is losing sway among the MAS' constituency, although in the general electorate Evo's negative figures are way beyond 60 percent. Relying on it, Arce trusts that Evo can be definitively banned from running again. However, that will depend on Arce overcoming economic hardships. Should Arce fail, Evo may be strengthened. The belief that Bolivians were better off when he was president is a favorite motto in Evo's quarters."

A Daniel E. Moreno, senior researcher at Ciudadanía, Comunidad de Estudios Sociales y Acción Pública in Cochabamba, Bolivia: "When Evo Morales resigned from the presidency in 2019, amid a political crisis resulting from an illegitimate and irregular fourth consecutive re-election, the bases for a division in the MAS were set. While Morales and many members of the executive branch abandoned the country in an attempt to create a power vacuum, most MAS legislators remained in their seats during the interim government (2019-2020). Many current tensions within the MAS result from claims related to this moment. But the main source of division within the MAS is a contention over who should be the party's presidential candidate in 2025. Arce has the constitutional right to run for one single consecutive re-election, and while he has not yet officially declared his intentions, it seems clear that he attempts to run. But Morales is the leader of the party, and he intends to be the MAS candidate as well, despite the fact that the constitutional court ruled against it. But this ruling was rather obscure (it was included as a secondary provision in another unrelated ruling), and its legality seems questionable—

as is most of the judicial system at this moment. While the MAS temporarily united for the 2020 election, divisions are now so deep it is unlikely that they will be able to present themselves as a single front in 2025, at least as far as the two leaders maintain their opposing presidential ambitions. In fact, as both factions control elements that are irreplaceable for producing a candidate, the existence of the MAS as a party itself is at risk; if the electoral court enforces the law, it might cancel the MAS' credentials as a party. In any case, all scenarios for 2025 seem marked by uncertainty."

A Beatrice Rangel, member of the Advisor board and director of AMLA Consulting in Miami Beach: "The ruling represents hard evidence on the absence of rule of law in Bolivia. The electoral authority lacks legal standing to reverse a decision taken by the appropriate authority within MAS or any other political party. Further, as much as many card-carrying MAS members may desire it, Morales simply cannot run again for the presidency as the constitution clearly states that no Bolivian can be elected president for more than two terms, either consecutive or not. The supreme court ratified this constitutional provision last December. Should Morales run with the support of his followers within MAS, Bolivia will initiate a destructive démarche toward lawlessness. It is clear what effect this will have upon foreign direct investment, trade and growth."

A Jonas Wolff, head of the interstate conflict research department at Peace Research Institute Frankfurt and professor at Goethe University Frankfurt: "The split of the MAS reflects a power conflict between the former president and his successor. Morales feels betrayed by its erstwhile minister and sees the 2025 election as his last chance to return to the presidency. Arce, since his election in late 2020, has seen

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the need to build a government that is loyal to him, not his predecessor. He, similarly, seems determined to run in 2025. This makes the conflict zero-sum, characterized by mutual veto positions. On the one hand, with Arce in the presidency, it is hard to see Bolivia's courts approving Morales as the presidential candidate of the MAS. On the other hand, as the electoral court has made clear, the MAS can take no decision bypassing party leader Morales. The obvious solution—a united party congress deciding the conflict—is unlikely to happen. Currently, the struggle is over the control of the MAS, which is a necessary step toward becoming the presidential candidate of the MAS. But even if, sooner or later, Arce, Morales or both have to look for another party ticket, this will not solve the conflict either. Everything indicates that the Arce government will try to prevent Morales from running by arguing that constitutional term limits prohibit yet another candidacy, even if not consecutively. At this stage, then, the 'Evistas' can only recur to mobilization on the street. The damage to the MAS is already high and can turn out fatal. Bolivia is heading for conflict-ridden times."

A **Robert Albro, research associate professor at the Center for Latin American & Latino Studies at American University:** "Evo Morales' path to return to the presidency is shrinking. He maintains the loyalty of a large portion of the MAS party, a national profile through his weekly radio show and can still engineer large-scale mobilizations, as last winter's paralyzing roadblocks proved. Yet, his relentless criticism of onetime protégé and President Luis Arce is unpopular; his lack of transparency in appointing MAS

candidates is an increasing source of friction; and his tendency to burn bridges with onetime allies, alienating to many in his own party, has caused them to exit and seek political alternatives. The courts have barred Morales from running again, citing term limits, but his disregard for national referendum results and constitutional process are routine talking points for the opposition,

“Evo Morales' path to return to the presidency is shrinking.”

— Robert Albro

former MAS supporters and Arce backers alike. The MAS has now irrevocably fractured into two competing party structures, with factional conflict disrupting congress and bitterly splitting once unified Indigenous, labor and other social movements. With Arce controlling the state apparatus, Morales is also deprived of its advantages for running an electoral campaign. His primary reason for optimism is Arce's own cratering approval rating. The president's reputation depends on competent economic stewardship. But, amid legislative gridlock, his government has struggled to address a deepening economic crisis threatening to undo social safety net advances of the previous decade. Increasingly likely is a scenario where both Morales and Arce run for president, and neither wins a majority, with a runoff leading to a new and less stable era of coalitional governance in Bolivia."

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

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