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FEATURED Q&A

How Much Is AMLO Weakened By the Midterm Results?



The coalition of Mexican President Andrés Manuel López Obrador, pictured voting on Sunday along with First Lady Beatriz Gutiérrez Müller, appeared to have lost its supermajority in the Chamber of Deputies. // Photo: Mexican Government.

Q Mexican President Andrés Manuel López Obrador's coalition retained control of Congress but appeared to lose its supermajority in the lower chamber, according to preliminary results from Sunday's midterm elections. The president's Morena party also was poised to expand its number of governor's offices. Sunday's election has been marred by violence, including nearly 100 political assassinations leading up to the vote. What do the results mean for López Obrador and the policies he wants to push? What do the results say about how much Morena will remain a political force even after López Obrador's term ends three years from now? What are the most important state races, and what do their results mean for local and national policy?

A Nicolás Mariscal, member of the Advisor board and chairman of Grupo Marhnos in Mexico City: "The importance of these elections—the biggest in Mexico's history—lies in the turning point they represent for President López Obrador and his Morena party. After the 2018 election, the party held 253 seats (51 percent) in the lower chamber, and now that figure will shrink to 190-202 seats. Even though the ruling party will still be the dominant force in the next legislature, the coalition will fall short of the two-thirds majority required to approve major or constitutional changes, which will hinder López Obrador's ambitious agenda of returning to a more centrist, conservative and populist model. However, the opposition cannot claim victory. Morena may have lost seats in Congress but will likely win at least nine out of the 15 governorships at stake, becoming the dominant force in

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TODAY'S NEWS

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Nicaragua Arrests More Opposition Figures Ahead of Election

Nicaraguan authorities arrested three more opposition figures, bringing the total number to five in the past week. The arrests come ahead of the country's presidential election in November.

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BUSINESS

Brazil's Nubank Raises \$750 Mn in Latest Round

Nubank's latest investment round was led by Warren Buffett's Berkshire Hathaway.

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POLITICAL

Mexico Bars Ex-Cabinet Secretary From Holding Office for 10 Years

Mexico's Department of Public Service announced that it had barred former cabinet secretary Luis Videgaray from holding office for 10 years. Authorities found that he did not properly report income and assets.

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Videgaray // File Photo: Mexican Government.

POLITICAL NEWS

Nicaragua Arrests More Opposition Figures Ahead of Vote

The government of Nicaraguan President Daniel Ortega on Tuesday arrested three additional opposition figures, bringing the total number of detained political rivals to five in the past week alone, CNN reported. In what some have dubbed “the night of the long knives in the tropics,” Nicaraguan police detained Félix Maradiaga, Juan Sebastián Chamorro and José Adán Aguerri. The latter is a well-known businessman and former president of the Superior Council for Private Enterprise, while the other two men are high-profile opposition candidates seeking to oust Ortega in the presidential elections slated for November. Another potential rival, Arturo Cruz, a former ambassador to the United States, was arrested upon his arrival in the Central American nation on Saturday. Cristiana Chamorro, the daughter of former President Violeta Chamorro, was detained at her home last Thursday, The Washington Post reported. Ortega is seeking a fourth term in November. The political figures were arrested on a variety of charges, including for alleged money laundering and as threats to “national security” under a law that the Ortega-controlled legislature passed last October. Analysts say the detentions stem from sham accusations intended to subvert any opposition ahead of the vote. Ortega’s latest crackdown sparked international outcry, with the Biden administration referring to him as a “dictator” for the first time. Julie Chung, acting assistant secretary for the U.S. State Department’s Bureau of Western Hemisphere Affairs, said Maradiaga’s arrest, the first of the three detentions on Tuesday, “should resolve any remaining doubts about Ortega’s credentials as a dictator,” she wrote on Twitter. “The international community has no choice but to treat him as such,” she added. “Under current political realities and election preparations, there is no chance that Nicaraguan elections will be free, fair and transparent,” John Maisto, a former U.S.

ambassador to Nicaragua, told the Advisor in a Q&A published June 1, before the most recent arrests of opposition figures. “Political party activity is under duress, and human rights violations continue.”

U.S. VP Harris Meets With López Obrador During Mexico Trip

U.S. Vice President Kamala Harris and Mexican President Andrés Manuel López Obrador on Tuesday discussed economic cooperation and joint efforts to manage migration and fight human trafficking, The New York Times reported. During Harris’ trip to Mexico City, the two governments signed an agreement that reiterates a commitment to deter migrants from heading to the United States by addressing root causes of migration, including persecution, poverty and corruption in Central America, the newspaper

The United States and Mexico are “embarking on a new era,” said Harris.

reported. When a reporter asked López Obrador whether he would work with the United States on border security, he responded, “We are very pleased to have her here and we will touch on that subject but always addressing the fundamental root causes.” During their meeting, Harris told López Obrador that the two countries are “embarking on a new era,” the Associated Press reported. Harris also emphasized the “longstanding relationship” between the United States and Mexico, as well as the countries’ “interdependence and interconnection.” Harris, who said she would visit the U.S.-Mexico border, described the talks with López Obrador as “candid,” Reuters reported. “We made clear that the United States considers Mexico to be a partner on many of these issues,” including security, vaccines, the pandemic and the drug fentanyl. López Obrador called the meeting

NEWS BRIEFS

Castillo Maintains Tight Lead as Vote Counting Nears End in Peru

Socialist Pedro Castillo has clung to a razor-thin lead as election authorities neared the end of vote counting from Sunday’s presidential runoff in Peru. With 99.8 percent of votes tallied, Castillo led his right-wing opponent Keiko Fujimori 50.2 percent to 49.8 percent, according to the ONPE election authority. Fewer than 72,000 votes separate the two candidates. Some 300,000 votes that have been contested will need to be reviewed by an electoral jury, Reuters reported Tuesday.

Mexico Bars Former Cabinet Sec’y Videgaray From Holding Office

Mexico’s Department of Public Service announced Tuesday that it has barred former Treasury and Foreign Relations Secretary Luis Videgaray from holding public office for 10 years after finding him guilty of not accurately reporting his holdings, income or properties between late 2012 and 2016, the Associated Press reported. Videgaray, who served under former President Enrique Peña Nieto, has been accused of misconduct in recent years. He has denied accusations of involvement in bribery and illegal campaign financing, calling them “absurd, inconsistent and reckless.”

El Salvador’s Legislative Assembly Approves Bitcoin as Legal Tender

El Salvador’s ruling party-controlled Legislative Assembly late Tuesday night passed a proposal from President Nayib Bukele to make Bitcoin a legal tender, Reuters reported. The country is the first in the world to do so. Lawmakers approved the legislation despite concerns over what it could mean for El Salvador’s program with the International Monetary Fund, the wire service reported.

“pleasant and beneficial.” The United States pledged to spend an additional \$130 million over three years to support workers’ rights in Mexico, in addition to setting a goal to create \$250 million in investment and sales in the southern part of Mexico, Reuters reported. The meeting with Mexico’s president capped Harris’ first foreign trip as U.S. vice president. On Monday, she met with Guatemalan President Alejandro Giammattei in Guatemala City.

BUSINESS NEWS

Brazil’s Nubank Raises \$750 Million in Latest Round

Brazilian digital bank Nubank announced Tuesday it raised \$750 million in its latest investment round, led by U.S. business magnate Warren Buffett’s Berkshire Hathaway, Folha de S.Paulo reported. Berkshire Hathaway invested \$500 million in the Brazilian fintech in the round, which was an extension of Nubank’s \$400 million Series G round announced in January, Forbes reported. A second extension totaled \$250 million and was led by Sands Capital, with several other funds including Invest, Sunley House Capital, CPP Investments, MSA Capital, Tarsadia Capital and Chinese tech company Tencent participating, as well as Brazil’s Absoluto Partners and Verde Asset Management. With both extensions, Nubank’s eighth fundraising round reached \$1.15 billion, the largest ever raised by a technology company in Latin America, Forbes reported. The latest investments give the bank a valuation of \$30 billion, up from \$25 billion at the time of its previous fundraising, Reuters reported, citing an unnamed source familiar with the situation. That figure would make Nubank worth just slightly less than Banco Santander Brasil, the South American nation’s third-largest lender with more than 2,000 branches. The valuation also puts Nubank on par with technology start-ups such as California-based Robinhood Markets and China’s Lufax, although it still lags Chinese company Ant Group, Reuters reported.

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state governments, with half of them under its belt since 2018. Some states such as Colima and Baja California Sur, where other parties have governed for decades, opted for a new alternative. The coalition made major gains in state and local electoral offices, expanding national reach and solidifying a party that was founded less than a decade ago. There is a political division between northern and southern states. Nonetheless, Morena lost the majority of the municipalities in Mexico City, a longtime stronghold for Morena and allies, and a state that is currently governed by one of the potential successors to López Obrador. Not all votes have yet been counted. So far, preliminary numbers portray mixed results. The opposition gained seats but lost state and local offices. Apparently, many Mexicans remain hopeful of the legacy López Obrador and his party might leave, but voters decided to level the field in Congress. Perhaps what people want is to make sure Morena seeks allies in opposing parties to jointly pass major legislation, while still adhering to its promises and commitments.”

A **Andrés Rozental, member of the Advisor board, president of Rozental & Asociados in Mexico City and senior policy advisor at Chatham House:** “Many Mexicans breathed a sigh of relief after the preliminary results of the country’s midterm elections were announced late on Sunday night. Although President López Obrador’s Morena movement gained territorial advantage by winning additional state governorships previously held by the PRI and PAN parties, it lost a significant number of seats in the lower house of Congress and suffered a stinging defeat in Mexico City, where it has historically controlled a great majority of municipalities. The main goal of opposition parties going into the elections was to deprive AMLO of his supermajority in the Chamber of Deputies, thus making it extremely difficult for him to further his stated objectives of

reforming Mexico’s constitution, reversing the reform approved in previous administrations opening the energy sector to private investment and pushing his often-regressive economic agenda. Although the run-up to polling day was marred by a record number of assassinations and violence directed at candidates who publicly vowed to fight drug cartels and organized crime, the election itself took place peacefully and with almost no disruptive incidents to report. It is doubtful that López Obrador will take the election results as a clear sign to change his so-called “fourth transformation” strategy, but it will be much more difficult for him to repeat his ramming-through of laws and regulations in a Congress where he lacks the two-thirds needed to approve significant changes. He will undoubtedly continue trying to achieve his objectives through executive actions, but the judiciary has so far proved a formidable obstacle to the patently unconstitutional nature of many of these presidential decrees.”

A **Vanessa Rubio-Márquez, former member of Mexico’s Senate and deputy government minister:** “Although Sunday’s elections were peaceful, we must not forget that 36 candidates were assassinated in the process. The analysis of this complex election is filled with nuance. The opposition (PAN, PRI and PRD) performed well in congressional races, as it was able to impede Morena and its allies from winning a qualified majority. But Morena, together with the Green and Labor Parties (Verde and PT), will still be able to propose or change any legislation. At the local level, Morena won 11 out of the 15 gubernatorial seats that were up for grabs, and one more will be headed by its ally, the Green Party. Morena also outperformed in local legislatures. This midterm election certainly reshuffled national and local political geographies. Verde and Movimiento Ciudadano (MC) will be new power factors as the former is key for Morena’s simple majority in Congress. It will support, for

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instance, the budget proposal that will be presented in September, and MC will govern one of the centers of entrepreneurial activity in the country and the third-largest entity in terms of contribution to national GDP. Morena will remain the biggest political force in Congress with a very similar and possibly larger number of deputies than it obtained in 2018 (190). It will also be the political party that governs the largest number of states (16). Rather than moving toward a more moderate path, the president will most likely, with the support of his party, double down on its policies on energy, the statization of Pemex and CFE, stronger regulation of economic activity, a wider participation of the army in tasks beyond security and the undermining of independent and technical institutions."

A Lorena Becerra, political analyst and head of polling at Grupo Reforma: "Sunday's elections represented an important limit that voters imposed on President López Obrador in the legislative arena. He will have to negotiate with opposition parties to pass constitutional reforms and to push forward specific appointments. Additionally, he requires the support of the Green Party—his newest electoral ally—to pass regular laws because Morena on its own does not hold the 50 percent-plus-one majority needed in the lower chamber. This automatically means López Obrador will have to reconsider his more radical stance on specific areas, starting with the fiscal reform he intends to pass before the end of the year. Morena also lost an important part of Mexico City, a territory traditionally favorable to López Obrador. In contrast, Morena outperformed expectations in the gubernatorial races, winning 12 out of the 15 elections. The president is not traditionally known for being keen on negotiating with the opposition, so he might try to use his new political leverage on the state level to pressure Congress. Furthermore, the June 6 election demonstrated that there is an important opposition sentiment

growing in the electorate, which anticipates an interesting presidential race in 2024 if the opposition parties can fulfill the expectations they created with good governments and concrete results."

A Jonathan Hiskey, associate professor of political science at Vanderbilt University: "Sunday's elections in Mexico offered reasons both for hope and dismay across the political spectrum. For President López Obrador and his supporters, the impressive showing of Morena in state and local elections, particularly its apparent victory in at least 10 of the 15 gubernatorial contests, suggests a deepening and further consolidation of the party's hold on Mexican politics. These victories, however, perhaps raise fears among critics of López Obrador that the party's widening control of state governments may allow for the re-emergence of the dominant-party political machines that characterized the country's one-party past. Conversely, Mexico's fractured opposition can find some measure of hope in its collective showing in federal deputy elections that diminished Morena's control over Congress. The opposition, though, must still confront its inability to connect with a majority of Mexicans and offer a coherent alternative to the López Obrador government. Finally, for proponents of democracy in Mexico, the fact that the elections took place at all, in the face of myriad obstacles, is encouraging. Further, the inability of Morena to obtain a supermajority in the Chamber of Deputies suggests a repudiation to some degree by Mexican voters of the anti-democratic tendencies that many view as characteristic of López Obrador's first three years in office. Whether or not these elections do in fact serve to moderate those tendencies for the remaining three years, or further reveal them, remains to be seen."

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