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FEATURED Q&A

Do Recent Victories Make AMLO's Party Unbeatable in '24?



The party of Mexican President Andrés Manuel López Obrador and its allies emerged as big winners in last week's state elections. // File Photo: Mexican Government.

Q The Morena party of Mexican President Andrés Manuel López Obrador and its allies won four of six opposition-controlled state governor's offices—in Oaxaca, Quintana Roo, Hidalgo and Tamaulipas—that were up for election on June 5.

The opposition held on to power in Durango and Aguascalientes states. To what can Morena and its allies attribute their victory in the state elections, and what do the results mean for President Andrés Manuel López Obrador and his policies? What do the results mean for the opposition Institutional Revolutionary Party (PRI) and National Action Party (PAN)? What is the significance of the PRI roots of some of the incoming Morena governors and other prominent ruling-party politicians?

A Amanda Mattingly, managing director at ACM Global Intelligence: "The Morena victories on June 5 demonstrate the political power of Mexican President Andrés Manuel López Obrador (AMLO) and his ruling party ahead of the next presidential contest. Winning four out of six states previously held by the opposition shows the strength of Morena, which now controls 22 out of 32 states, and the weakness of the opposition coalition. Morena's victory can be attributed to AMLO himself and his popularity, as well as his popular social programs and cash transfers to the working class. Even though the Mexican economy has not yet recovered from the pandemic and AMLO has fallen short on several promises, including his anti-corruption agenda, his approval ratings remain high. According to a Buendía & Márquez poll last month, 53 percent of Mexicans are satisfied with AMLO. But what is really at stake is the 2024 presidential election, and results from the June

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Man Confesses to Killing Journalist, Indigenous Expert in Brazil: Police

A fisherman has confessed to killing British journalist Dom Phillips and Brazilian Indigenous expert Bruno Pereira and led officers to a location where human remains were found.

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Canadian Solar Gets \$28 Million for Brazil Project

Canadian Solar said it obtained \$28 million in financing from Banco do Nordeste do Brasil for its Lavras II solar project in Brazil.

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ECONOMIC

Chilean Gov't to Present Tax Reform Proposal

The government of Chilean President Gabriel Boric is to present a tax reform plan, including legislation on mining royalties, at the end of this month, said the minister secretary-general of the presidency.

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Boric // File Photo: Chilean Government.

POLITICAL NEWS

Man Confesses to Killing Journalist, Indigenous Expert

A fisherman has confessed to killing British journalist Dom Phillips, 57, and Brazilian Indigenous expert Bruno Pereira, 41, in a remote area of the Amazon, Brazilian police said Wednesday night, the Associated Press reported. The man, Amarildo da Costa de Oliveira, 41, led police officers to the location deep in the forest where he said he buried the men's bodies, and investigators found human remains at the site, the wire service reported. Search teams transported body bags to the docks at the city of Atalaia do Norte and said autopsies would be carried out to determine whether the remains are those of Phillips and Pereira, who went missing on June 5. Oliveira told officers that he fatally shot the two men, the AP reported. "We would have no way of getting to that spot quickly without the confession," said federal investigator Eduardo Alexandre Fontes, the AP reported. He added that the remains would be identified within days and if confirmed to be those of the missing journalist and Indigenous expert, that they "will be returned to the families of the two." Family members of Oliveira previously said he denied wrongdoing and claimed that police tortured him in order to get a confession. "Our first mission was to find them alive, but unfortunately we bring this sad news to the family, to friends and the international press," said detective Guilherme Torres, The Washington Post reported. Pereira was working with Indigenous groups in the area, and Phillips was investigating illegal invasions targeting Indigenous groups. Local Indigenous organization Univaja called the developments "an incalculable loss," The Washington Post reported. In a statement Wednesday, Brazilian President Jair Bolsonaro said Phillips was "disliked in the region," The Washington Post reported. "He did a lot of stories against gold mining and on environmental issues," said Bolsonaro. "In that region, a region extremely isolated, not a lot of people liked him. He

should have redoubled his focus on taking care of himself. But he decided to make this excursion," the president added. Phillips was writing a book on conservation in the Amazon, and Pereira was examining criminal activity in the Amazon's Javari Valley.

ECONOMIC NEWS

Chilean Government to Present Tax Reform Proposal

Chilean President Gabriel Boric's administration is set to present a tax reform plan, including a bill on mining royalties, on June 30, according to Giorgio Jackson, the minister secretary-general of the presidency, Reuters reported today. Jackson said the government will announce the entire plan at the end of the month and begin to submit a few bills to Congress, including that of the mining royalty, which could affect the country's copper production. A tax reform is a "necessary condition" for Boric to follow through with his campaign promises, said Jackson. In recent weeks, the Chilean president has seen a decrease in popular support after a strong electoral win in December, with a May 29 Cadem poll showing a 57 percent disapproval rating, Bloomberg News reported. "When you're in a bonanza and good times or in bad times, they always say why are you going to do it now? There's never a good time to do tax reform," Jackson said, arguing that now is a good moment for Chile to implement the reform, Reuters reported. "There is an opportunity Chile has with copper, with lithium, to use them and imagine a different productive system," he added.

Cuba Produces Half of Expected Sugar Output for Season

Cuba will not be able to fulfill all of its international sugar cane commitments after

NEWS BRIEFS

Ecuadorean Indigenous Leader Freed, Vows Continued Protests

Ecuadorean Indigenous leader Leonidas Iza was freed from police custody on Tuesday and vowed that protests against President Guillermo Lasso's government would continue, Reuters reported. Iza had been detained for about 24 hours after the government accused him of orchestrating road blockades. Protesters have demanded that Lasso freeze gasoline prices and take other economic actions.

Brazilian Central Bank Hikes Benchmark Rate by 50 Basis Points

Copom, the Brazilian central bank's rate-setting committee, on Wednesday increased its benchmark Selic interest rate by half a percentage point to 13.25 percent, a hike that was in line with market expectations, Reuters reported. The benchmark rate is now at its highest level since early 2017, following a sharp increase from its 2 percent record low in March of last year. "For its next meeting, the committee foresees a new adjustment, of the same or lower magnitude," policymakers said in a statement, Reuters reported.

Moody's Raises Outlook for Guatemala to Stable From Negative

Moody's Investors Service on Wednesday raised its outlook on Guatemala from negative to stable, affirming the Central American country's senior unsecured bond ratings and long-term Ba1 issuer ratings, according to a company note. The stable outlook indicates Guatemala's management of the Covid-19 economic shock "with a minimal impact to its overall credit profile," the note said. The credit rating agency expects that the Guatemalan economy will remain "slightly above" this year's 3.5 percent pre-pandemic trend rate.

only producing approximately 53 percent of its expected harvest for the season, officials of sugar production regulator Azcuba said Wednesday, the Associated Press reported. "It's not a secret, the sector is in crisis," Azcuba Director of Communications Dionis Pérez told reporters. The state's plan for the harvest, which ended last month, had a production goal of 911,000 tons of sugar, Cuban Economy Minister Alejandro Gil said at the end of last year. According to Pérez, this season's low production resulted from a shortage of herbicide and fertilizer and other factors.

BUSINESS NEWS

Canadian Solar Gets \$28 Mn in Financing for Brazil Project

Canadian Solar announced on Wednesday that it obtained a nonrecourse project financing of 136 million reais (\$28 million) from Banco do Nordeste do Brasil (BNB) to fund its Lavras solar project in Brazil, which is set to produce 79 megawatts peak (MWp). The funding will go to the construction and operation of the Lavras II solar project, which is set to reach commercial operation by the end of this month. Canadian Solar obtained the Lavras II solar project in a September 2019 private auction held by COPEL Energia, one of the 10 most important energy trading companies in the South American country, Canadian Solar said in a statement. "This financing once again demonstrates our capabilities and commitment to the Brazilian market, where we are a market leader with more than 2 GWp of backlog projects that have secured power purchase agreements," said Shawn Qu, Canadian Solar's CEO. "BNB's continuing participation in our solar portfolio reinforces our confidence in the long-term potential of Brazil's renewable energy sector," he added. Canadian Solar on June 6 signed an agreement with power generation company SPIC Brasil, selling a 70 percent stake in Canadian Solar's stake in its Marangatu and Panati-Sitiá projects, the company said last week.

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rages coupled with AMLO's win in the April recall referendum make clear that Morena is gaining ground, not losing it. Many former PRI politicians and supporters are now with Morena, allegedly using old-style PRI politics to turn out the vote for Morena. Meanwhile, the PAN-PRI-PRD coalition has not been able to present a compelling alternative, and unless they persuade Movimiento Ciudadano (MC) to join it, the chances of an opposition win in 2024 are low. This means the race for the presidency would really be an internal one between the top two Morena candidates—Claudia Sheinbaum and Marcelo Ebrard—and another six years of Morena rule after AMLO steps down."

A **Andrew I. Rudman, director of the Mexico Institute at the Woodrow Wilson International Center for Scholars:** "Morena's victory in four out of six states choosing governors on June 5 was consistent with the limited polling and projections prior to election day. These states were some of the last whose incumbent governors had been elected prior to AMLO's 2018 election. As such, the results likely reflect continuing voter rejection of the traditional PAN and PRI parties, as well as enthusiasm for AMLO and his Fourth Transformation. The results mean that the Morena-led 'Juntos Haremos Historia' coalition now governs 22 of Mexico's 32 states, representing more than 60 percent of the country. Further, in the event that Morena wins the 2024 presidential election, control of more than the required 17 states to ratify a constitutional amendment would ensure approval of constitutional reforms (including energy), assuming it achieves the required two-thirds majority in Congress that it currently lacks. Mexico's traditional parties should interpret the results as confirmation that voters continue to seek change and are not swayed by anti-AMLO or anti-Morena messaging. To be competitive, these parties will need a forward-looking narrative that convinces voters that they too have a trans-

formative vision for Mexico. The PRI roots of Morena's leaders, including of course AMLO, are not surprising. Indeed, Morena is implementing the traditional clientelistic

“ Mexico’s traditional parties should interpret the results as confirmation that voters continue to seek change...”

— Andrew I. Rudman

practices its leaders learned during the more than 70 years of uninterrupted PRI control with similar effect. With AMLO as the sole unifying factor within Morena, will the use of these practices prevent a rupture within the coalition as the jockeying to replace AMLO in the Palacio Nacional exposes differences?"

A **Amy Glover, president and founding partner of Agil(e):** "The recent gubernatorial election results were not particularly surprising, though certainly the complete deflation of the national opposition remains puzzling. While, according to polling, AMLO continues to be personally very popular, there is a huge vacuum of dissatisfaction that is just waiting to be harnessed. The question is: when will someone step in to fill the void? Part of Morena's swift rise to becoming Mexico's primary political force has to do with the adoption of clientelistic politics reminiscent of the PRI, the political home of AMLO during most of his early career. Wisely choosing local political personalities can also explain some of Morena's success. That said, Morena has none of the characteristic discipline that was a hallmark of the PRI, making it vulnerable to infighting and political ineffectuality. While the hand wringing in the press over the president's tendency to centralize power and divide the population continues, there are no obvious

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alternatives at present. The PRI is on the ropes—and new corruption scandals won't help—and the PAN remains devoid of new ideas. Movimiento Ciudadano (MC), which holds the governorship in Nuevo León, is an interesting and increasingly relevant political force. It is not clear what the party stands for. The party claims that progressive politics is its aim, but ideology and policy-driven discussions have rarely been central to Mexican politics. If last year's midterm election and taxi drivers are any indication, Morena has clearly lost support in Mexico City, the country's beating heart and home to more than 20 million people. This is interesting because it was a traditional stronghold for the PRD, where both AMLO and Marcelo Ebrard served as mayors, providing further evidence for Morena being weaker than it would at first appear. Again, what is notably lacking is a creative political alternative. With the presidential election still two years away there is time to put something together, but the political clock is ticking."

A Ruben Olmos, president of Global Nexus in Washington:
"The June 5 results were not a surprise. Many factors played in favor of the ruling Morena party, which will now control 22 of the 32 states. Outgoing governors in the states of Oaxaca, Quintana Roo and Hidalgo had their elections decided many months ago; their intention was to hand power of their states over to President López Obrador and Morena in exchange for

a smooth transition and perhaps a job. The PAN won easily in Aguascalientes, which has always been a stronghold, but in general lost a lot of traction nationwide. While the so-called 'Va Por México' coalition (PAN-

“**Outgoing governors in the states of Oaxaca, Quintana Roo and Hidalgo had their elections decided many months ago...**”

— Ruben Olmos

PRI-PRD) won in Durango with a former PRI politician, it is clear that it is not competitive enough to win elections. Meanwhile, the PRI and PAN party chairs are being scrutinized for their poor results, which will complicate things moving forward to build a solid candidacy for the 2024 presidential election. We also need to talk about Movimiento Ciudadano (MC), which did decently in the election but seems to have important figures that are leading some of the polls ahead of 2024. AMLO and Morena essentially started the presidential race last Sunday, when his three hand-picked contenders (Marcelo Ebrard, Claudia Sheinbaum and Adán Augusto López) appeared in a rally together in the State of Mexico, which will have elections next year together with the state of Coahuila, and openly said they were running for president."

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