

LATAM PULSE

This week, **Colombia** holds its first-round presidential vote, with two candidates vying for a second place that would put them into a run-off against the leftist Gustavo Petro. A flurry of US diplomacy involving **Mexico**, **Brazil**, and other countries in the region reflects challenges facing the upcoming US-hosted Summit of the Americas. **Chile**'s constitutional re-write continues to raise difficult questions, while President Gabriel Boric has had a politically bruising few days. In **Argentina**, under-fire Finance Minister Martin Guzman takes charge of the inflation strategy. **Peru** is digesting President Pedro Castillo's latest cabinet changes. Finally, **Brazil**'s third-way option for the presidency continues to struggle.

Colombia

The first round of the presidential election takes place on 29 May. The leftist Gustavo Petro should come first, though he is not expected to gain the 50% plus one vote necessary to avoid a run-off vote that would take place on 19 June. Federico "Fico" Gutierrez has for weeks appeared as the most likely to finish second, which would put him into the run-off against Petro. However, Gutierrez has lost some of his previous dynamism in the polls while the anti-corruption populist Rodolfo Hernandez has apparently enjoyed a late surge of popularity. With a ban on polls now in force, it is difficult to see whether Hernandez has enough momentum to overtake Gutierrez. Should he do so, it would alter the complexion of the run-off campaign; one poll from last week put Petro and Hernandez in a tie in a hypothetical head-to-head. The same poll pointed to a relatively easy win for Petro against Gutierrez in any run-off.

Tensions will remain at heightened levels in the run-up to the vote after Petro on 21 May claimed that the government was planning to suspend the electoral process. Petro called for a meeting with his rivals today, 23 May, in order to head off any intervention in the elections. Such a meeting is unlikely to materialize and Petro offered no evidence to back up his claim. However, in a sign of the agitated state of the campaign, Petro's VP running-mate Francia Marquez had to cut short a speech yesterday amid fears for her safety. Petro's security detail has already been reinforced after recent death threats.

Region

US diplomatic efforts to hammer out a deal that makes the upcoming Summit of the Americas look more viable will continue this week. At the end of last week, the Biden administration was focused on persuading Mexico's President Andres Manuel Lopez Obrador (AMLO) to walk back on his earlier threat not to attend the regional summit, which the US is hosting in early June. AMLO disagrees with the US decision not to invite Cuba, Venezuela or Nicaragua to the summit because they are not democratic. There are now reports that a Cuban government representative could receive an invite. AMLO's absence would be a significant blow given the Biden administration's hopes to secure agreements on curbing migration; the participation of Guatemala and Honduras is also uncertain. Brazil's President Jair Bolsonaro has also suggested that he will not attend.

Chile

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From 27 May the constituent assembly will launch the first in a series of events as part of a wider promotional campaign in favor of the draft constitution. A public referendum to endorse or reject the new legal framework will be held on 4 September. The latest Cadem poll shows that the level of rejection remains steady at 46%, with those saying they will vote in favor of the new constitution at 37% (17% are undecided). Meanwhile, committees tasked with ironing out inconsistencies, examining implementation challenges, and writing a preamble to the new constitution continue their work. One of the main issues under discussion in recent days has centered on how the new constitution – if its wins approval and is enacted – can be reformed in the future. Controversially, some on the Left are in favor of a legal block on the existing legislature being able to alter the new constitution.

In parallel, President Gabriel Boric will be aiming to move on from one of his most difficult weeks since he took office in March. On 16 May the government reversed its opposition to a state of emergency in the Macrozona Sur, an area comprising Araucania and parts of Biobio that have seen increasing levels of violence by radical Mapuche groups. Boric had criticized the previous administration's use of the military to support police in the area but has now essentially adopted the same strategy. While the decision demonstrates Boric's pragmatism, it provides another example of how his administration is struggling to make the transition from idealistic opposition to government. The issue has also set off new frictions within the governing coalition.

Argentina

Finance Minister Martin Guzman will take charge of efforts to tackle persistent inflation from today, 23 May. An organizational redesign means that the Secretariat for domestic trade, which is headed by a loyal *Kirchnerista*, will now come under Guzman's purview. However, a switch to a more orthodox anti-inflation strategy is unlikely. The move could also be risky for President Alberto Fernandez if Guzman fails to bring inflation down in the coming months; *Kirchneristas* have long wanted Fernandez to dismiss Guzman. In parallel, Guzman could finally confirm a long-mooted easing of capital controls on energy companies as the government looks to increase natural gas production in a bid to reduce costly LNG imports and potentially tap new export opportunities.

Peru

President Pedro Castillo last night swore in four new ministers to his cabinet, though he did not bow to pressure to remove his controversial Prime Minister Anibal Torres. The two most important changes are to Interior and to Mines and Energy (MINEM); both previous ministers were facing congressional motions of censure. The MINEM position, now occupied by Alessandra Herrera, will be particularly challenging given protests affecting various mining projects, most obviously at the MMG-operated Las Bambas mine, where production was halted in April. Herrera's appointment came in for particular criticism from Castillo's unofficial boss, Vladmir Cerron. In parallel, the appointment of the inexperienced Javier Arce as new Agriculture Minister has also raised concerns given that the agricultural sector is facing serious fertilizer shortages.

Brazil

A crucial meeting on a third-way option for the presidency appears shaky. The three parties behind the third-way movement unveiled Simone Tebet from the Brazilian Democratic Movement (MDB) as the preferred candidate based on both quantitative and qualitative polls. Former Sao Paulo state governor Joao Doria from the Social Democracy Party (PSDB) refuses to accept the decision but will be told tomorrow, 24 May, that Tebet is the group's choice. He may then take the matter to the courts since he won the party primaries in November 2021. On another front, Congress may vote on a ceiling for the state tax (ICMS) for fuel and energy and debate a proposed wage increase for public servants. President Jair Bolsonaro will use Elon Musk's visit to Brazil last week to improve his electoral numbers which still show him 12 points behind former president Luiz Inacio Lula da Silva.

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