

## LATAM PULSE

This week, **Mexico**'s electoral reform has mobilized hundreds of thousands of people who oppose what is seen as a regression in electoral transparency and independence. **Brazil**'s political transition could see ministerial appointments start. In **Peru**, tensions remain high as President Pedro Castillo awaits the arrival of a regional delegation to analyze the political situation – any relief for Castillo is likely to be short-lived. In **Venezuela**, there are more signs that the political crisis is moving to a new stage following the failure of the “maximum pressure” campaign against President Nicolas Maduro's regime. Meanwhile, a regional vote for the presidency of the Inter-American Development Bank (IDB) closes out the week. Finally, it remains difficult to see a path out of **Cuba**'s chronic economic problems, which are causing unprecedented numbers of Cubans to emigrate.

### Mexico

The marches in defense of the National Electoral Institute (INE) that took place yesterday, 13 November, will continue to reverberate politically this week, not least as President Andres Manuel Lopez Obrador (AMLO)'s electoral reform continues to be discussed in Congress. Organizers claim that close to a million people marched in dozens of cities across the country. While the government has questioned the level of attendance, these were the biggest demonstrations since AMLO came to power in 2018. AMLO had previously described the demonstrations as an “act of cretinism”. A high turnout should make wavering members of the Institutional Revolutionary Party (PRI), whose votes the government needs to pass the initiative, think twice before backing the controversial reforms. For now at least, PRI leaders deny that any negotiation is underway. Beyond the immediate electoral question, the marches may offer hope that the bruised opposition alliance could be resuscitated or regain some impetus over the coming months.

### Brazil

The week will see a continued negotiation of the 2023 budget following a speech by president-elect Luiz Inacio Lula da Silva that tied fiscal responsibility to the addressing of social demands. All had been going reasonably well in the transition ahead of Lula's inauguration in January 2023, with the appointment of orthodox economists, former presidential contenders, and renowned experts to the transition team, while there was progress towards the negotiation of the 2023 Budget Law. The speech on 11 November had the effect of delaying the approval of the law, which included a permanent waiver of BRL 175bn (USD 33bn) for additional spending on a cash transfer to the most vulnerable, including an additional amount per child (a new *Bolsa Familia*), and an annual minimum wage increased based on average GDP growth in the previous five years. Big Center parties want to limit the waiver to the increase in the cash transfer value and in the minimum wage, and make it valid for 2023 only (not permanent). To appease markets, Lula may bring forward his choice of finance minister. An environmental minister may be the first ministerial appointment to be announced during the COP27 UN Climate Change Conference, which Lula is attending this week.

### Peru

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A delegation of the Organization of American States (OAS) is due in Lima on 20 November to report on the political situation. President Pedro Castillo requested the OAS intercede as political tensions remain permanently elevated; Castillo is the subject of six criminal investigations and he has already faced two impeachment votes during his roughly 15 months in power. Late last week the congressional sub-committee for constitutional accusations (SAC) narrowly voted in favor of advancing a treason accusation against Castillo. While this particular process has some way to go, it could theoretically end in Castillo's suspension or removal from office. The treason accusation may actually help Castillo to make the case to the OAS that he is being persecuted; Castillo is expected to organize rallies in his support to coincide with the arrival of the OAS delegation.

## Venezuela

Expectations are rising that a resumption in regime-opposition talks could be in the offing. The Mexico-hosted talks broke off in October 2021. However, various international actors are upping their efforts to get the two sides to resume the dialogue. Colombia's Gustavo Petro and Argentina's Alberto Fernandez have been instrumental in getting pre-talks underway, the most recent – and most public – iteration of which was a meeting involving both sides' lead negotiators that was hosted by France's Emmanuel Macron on 11 November. Macron also met President Nicolas Maduro on the sidelines of the COP27 summit. The meetings have involved a discussion about the possible use of frozen state funds for humanitarian assistance in Venezuela, perhaps to be administered by the UN. Any formal talks would focus on guaranteeing basic political rights ahead of the 2024 presidential elections; regime officials including Maduro have hinted at the possibility of bringing those elections forward, though the opposition has yet to fully start its primary process to select a candidate.

## Region

A vote for president of the Inter-American Development Bank (IDB) will take place on 20 November to replace Mauricio Claver-Carone, who was sacked following a misconduct scandal. Claver-Carone was always a controversial pick since the US normally occupies the no. 2 position at the IDB, leaving the presidency to a Latin American or Caribbean representative. Brazil's candidate, Ilan Goldfajn, who is currently head of the International Monetary Fund (IMF)'s Western Hemisphere Department, was seen as a favorite until it emerged that incoming president Luiz Inacio Lula da Silva has reservations towards his candidacy, which was advanced by Finance Minister Paulo Guedes; both Guedes and Goldfajn are orthodox economists. This has boosted the chances of Mexico's Gerardo Esquivel, currently at Mexico's central bank (Banxico), and Chile's former finance minister Nicolas Eyzaguirre. The new president is expected to continue with an institutional modernization program to make the IDB more responsive, while expanding climate finance.

## Cuba

An unusually frank criticism of the recovery effort following the passage of Hurricane Ian in late-September appeared in the official *Juventud Rebelde* organ over the weekend. The piece referred to “unnecessary red tape”, “mistakes”, and “archaic” processes in sourcing building materials for one of the areas worst affected by the hurricane, which caused an island-wide electricity outage, the effects of which persist even now. Authorities have replaced senior personnel at the state power generator (UNE) and energy ministry – with little impact yet. As well as blackouts, Cubans are grappling with inflation, shortages of basic goods, and a lack of fuel. The crisis has triggered a major increase in emigration; US authorities recorded over 220,000 Cubans entering the US via the Mexican border in the 12 months to end-September. While President Miguel Diaz-Canel remarked recently that he would be open to a dialogue with the US, in practice economic reforms remain frozen and the regime continues to stifle private entrepreneurialism and dissent.

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