

## LATAM PULSE

This week, expect political noise in **Mexico** as President Andres Manuel Lopez Obrador (AMLO) looks to wrest two states from opposition control ahead of the 2024 elections, with the opposition likely hoping for a damage limitation exercise.

**Brazil's** Luiz Inacio Lula da Silva is hosting what has been described as an “away day” for regional leaders; one of whose most tangible results will be the continuing diplomatic rehabilitation of **Venezuela's** regime. **Chile's** Gabriel Boric delivers a state-of-the-nation speech 15 months into his misfiring presidency. Finally, **Argentina's** Economy Minister Sergio Massa will go cap in hand to Beijing.

### Mexico

Gubernatorial elections take place in the states of Coahuila and Mexico (known as the Edomex) on 4 June. The state votes are the last stepping-stone to the 2024 presidential elections. The Edomex, which almost encircles the capital, has by far the biggest state electorate; its approximately 12.6mn voters represent around 13% of the national electorate. The state is also a long-term electoral stronghold of the opposition Institutional Revolutionary Party (PRI), so a victory for President Andres Manuel Lopez Obrador's National Regeneration Movement (Morena) would represent a significant achievement. Polls suggest Morena's Delfina Gomez is on course for a comfortable victory in the state. Coahuila, while less significant electorally, may prove more difficult for Morena, given entrenched PRI control under the Moreira clan. The PRI will be hoping to maintain its hold on Coahuila to prove that it remains viable as a party.

In parallel, 2 June marks exactly one year until the next presidential and legislative elections. The upcoming state votes could bring greater clarity to the often-turbulent *Va por Mexico* opposition coalition, which consists of the PRI, the National Action Party (PAN), and the smaller Party of the Democratic Revolution (PRD). If the Edomex flips from PRI to Morena, it would likely give the PAN greater weight in the process to select a presidential candidate. The prospects for *Va por Mexico's* presidential candidate selection already look complicated; last week, the PAN leader Marko Cortes announced that aspirants must collect 1mn signatures in support of their candidacies. This prompted a leading PAN candidate, senator Lilly Tellez, to complain that this requirement will be expensive and has been orchestrated by her putative rival, the president of the lower house Santiago Creel.

### Brazil and the region

President Luiz Inacio Lula da Silva is hosting a summit of South American leaders today, 30 May. With so many left-leaning governments in power, Lula sees potential for synergies on tackling cross-cutting issues, and Lula and Argentina's Alberto Fernandez want to relaunch the old Union of South American Nations (UNASUR). Lula has given Venezuela's Nicolas Maduro a warm welcome on his arrival in Brasilia for the summit, criticizing sanctions in place against Venezuela, which he said were the result of international “prejudice” arising from a “constructed narrative.”

The problem for Lula is that regional politics are still in flux. Countries like Argentina may soon swing back to the right, while even some on the left are wary of Brazil's push for regional leadership— especially Colombia's Gustavo Petro, who covets

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that role for himself. Meanwhile, countries like Ecuador and Peru must contend with difficult domestic circumstances, while Venezuela will remain a challenging issue for the whole region even as Lula seeks to normalize relations with Maduro's regime.

## Chile

President Gabriel Boric will deliver his annual address to Congress, comparable to a state-of-the-nation speech, on 1 June. Boric will no doubt look to celebrate the recent passage of the new mining royalty law and the introduction of a 40-hour working week as transformational achievements, while he may also announce details of a new green hydrogen policy. However, the reality is that the government's multiple defeats and setbacks overshadow its wins. The abrupt and unexplained departure last week of Christian Larrain, the vice-minister responsible for designing the pension reform, could set back that key government initiative. Open divisions within the governing coalition persist, while the embarrassing failure of a pilot program to supply liquefied petroleum gas (LPG) to low-income households will represent another unwelcome distraction for Boric. The latest Cadem poll puts Boric's disapproval rating at 61%.

## Argentina

Economy Minister Sergio Massa and Central Bank (BCRA) governor Miguel Pesce are in Shanghai and Beijing this week looking for financing support and investment that could help avert a full-blown economic crisis—and keep Massa's own slim presidential aspirations alive. Massa wants to expand the BCRA's reserve swap arrangement; get Chinese buy-in for Argentina to increase its use of the yuan in bilateral trade; and secure financing for the second phase of the Nestor Kirchner gas pipeline (GPNK), which is set to connect the Vaca Muerta shale deposit with domestic demand hubs and potential export markets. There may also be announcements of Chinese investments in energy, lithium, and infrastructure. Massa will no doubt be hoping that his trip also catalyzes the International Monetary Fund (IMF) to assent to his request to bring forward funding disbursements.

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