

## LATAM PULSE

This week, **Ecuador's** President Daniel Noboa is celebrating a mostly positive set of results from a public referendum. Meanwhile, **Venezuela's** regime faces a new test as the opposition shows unexpected resilience, while the return of sanctions looms. In **Mexico**, presidential frontrunner Claudia Sheinbaum will come under renewed scrutiny in the second debate of the election campaign. In **Brazil**, a spat over government funding disbursements should not affect the economic agenda. And finally, **Colombia** faces a more intense period of political polarization following large anti-government rallies over the weekend.

### Ecuador

According to preliminary results from an official quick count following a referendum held yesterday, 21 April, nine out of a total of 11 questions received public backing. The nine questions in which the "yes" vote prevailed were all security-related; they included permitting military forces to be deployed without the need for time-limited states of exception, allowing extradition, and increasing prison sentences for a variety of serious crimes. The two proposals rejected by voters would have introduced hourly paid work and recognized international arbitration mechanisms, which represent a blow for improving labor flexibility and attracting foreign investment. However, the result represents a boost for President Daniel Noboa, who had cast the vote as a referendum on his five-month presidency and was looking to boost his political capital ahead of the February 2025 elections. However, the crisis in the electricity sector, ongoing security challenges, and a more conflictive political mood in the National Assembly all point to a complex horizon.

### Venezuela

The Democratic Unitary Platform (PUD) opposition coalition has agreed on a unity candidate for the July presidential election. Edmundo Gonzalez Urrutia, a former diplomat, originally signed up as a provisional candidate to ensure that the opposition had a place on the ballot and was seen as likely to make way for someone with greater name recognition. However, shortly before a 20 April deadline to finalize candidacies, Manuel Rosales of the A New Time (UNT) party agreed to withdraw from the race and back Gonzalez, who also enjoys the support of Maria Corina Machado (MCM), who the regime has barred from participating. The questions now are whether Gonzalez – with the popular MCM behind him – can galvanize voters on the campaign trail; whether another opposition candidate, Enrique Marquez, also withdraws; and thirdly and most importantly, how the regime led by President Nicolas Maduro reacts to the opposition's stronger-than-expected spirit of unity. An indication that the regime will continue to try to divide and impede the opposition came last night, 21 April, as the UNT and another party that initially backed Rosales reported that the National Electoral Council (CNE)'s IT system was not allowing them to switch their support to Gonzalez.

In parallel, the international front continues to resonate on the domestic political situation heading towards the 28 July election. Last week's move by the US to wind down the six-month sanctions license authorizing transactions related to oil or gas sector operations in Venezuela was not a surprise, even if it still allows for individual licenses to be granted on a case-by-case basis. Presumably the regime has judged the economic cost of sacrificing sanctions relief as less than the political cost of electoral defeat and a loss of power. Colombian President Gustavo Petro's proposal for a plebiscite to be held in conjunction with the presidential vote is a reminder that the regime's high exit costs represent a key obstacle to *Chavismo* ever giving up power. Petro suggested last week that Venezuelans also vote in a plebiscite to grant certain guarantees to the election loser – a proposal that hints at an amnesty offer. The suggestion is unlikely to get off the ground, but it could potentially offer a route for an eventual transition.

### Nicholas Watson

Managing Director  
+44 20 7186 8875

nicholas.watson@teneo.com

### Mario Marconini

Managing Director  
+55 (11) 3709 2699

mario.marconini@teneo.com

## Mexico

The second of three televised presidential debates takes place on 28 April, five weeks from the 2 June elections. Xochitl Galvez of the Strength and Heart for Mexico (*Fuerza y Corazon por Mexico*) opposition coalition has already said that she plans to go on the offensive against her main rival, Claudia Sheinbaum, who is running for the governing National Regeneration Movement (Morena). Galvez certainly needs to produce a more impactful performance than in the first debate on 7 April if she is to narrow the gap that most polls suggest exists between her and Sheinbaum. Jorge Alvarez Maynez of the Citizen Movement (MC), who languishes in a distant third, insists that he will not withdraw from the race. The debate will focus on subjects including the economy, poverty, and the environment. Sheinbaum is likely to stick closely to her pitch offering continuity from Andres Manuel Lopez Obrador (AMLO)'s presidency. However, last week Sheinbaum offered glimpses of where possible changes might come should she win as she highlighted the importance of the energy transition and acknowledged that she could reassess the role that the armed forces have come to play in developing major infrastructure projects under AMLO.

## Brazil

A row between the House Speaker and the government continues over the disbursement of funds requested through committee and bench amendments. House Speaker Arthur Lira continues to attack the Institutional Relations Secretary (SRI) of the Presidency of Alexandre Padilha for allegedly operating behind the scenes to block amendments that do not go through his cabinet for approval. The government reissued an ordinance to reiterate the SRI's oversight over the matter, thus overriding a determination approved by Congress last year in the Budget Guidelines Law (LDO) that ended such oversight. Lira sees the new ordinance as a provocation by the government that could delay the pace of disbursement even further. So far, only BRL 2.6bn (USD 500mn) of BRL 20.5bn (USD 4bn) set out for disbursement until next June has been approved. The Lula administration seems confident that the economic agenda, including fiscal matters, will not be adversely affected by the tense climate with Lira. The president intends to meet the leaders of both chambers of Congress this week in an attempt to find common ground and put an end to the ongoing impasse.

## Colombia

Gustavo Petro has opted for a more radical, polarizing tone following the largest anti-government rallies of his presidency that took place in several cities yesterday, 21 April. Protestors were motivated by a number of issues, including opposition to Petro's health reform, the state of the health sector and concerns arising from the recent government takeover of two leading private insurers (EPSs), and his proposed constitutional rewrite. Although the protests were originally organized by right-leaning figures and they were backed by the right-wing Democratic Center (CD) party, the participation of political centrists and doctors' groups belies Petro's claim that the protests only represent regressive forces who are intent on a "soft coup" to reverse his 2022 election victory. In riposte, Petro has called for pro-government rallies to coincide with the traditional workers' day events on 1 May. However, previous efforts to mobilize Petro's base have flopped, while his disapproval rating stood at 60% as of mid-April, according to the pollster Invamer.

## Client Portal >>

---

### Nicholas Watson

Managing Director  
+44 20 7186 8875

nicholas.watson@teneo.com

### Mario Marconini

Managing Director  
+55 (11) 3709 2699

mario.marconini@teneo.com

© 2024 Teneo. All rights reserved. This material was produced by Teneo for use solely by the recipient. This communication is intended as general background research and is not intended to constitute advice on any particular commercial investment or trade matter or issue and should not be relied upon for such purposes. The views expressed here represent opinions as of this date and are subject to change without notice. The information has been obtained from sources believed to be reliable but no guarantees can be given as to its accuracy, completeness or reliability. No part of this publication may be reproduced, stored in a retrieval system, or transmitted in any form or by any means, electronic or otherwise, without the prior consent of Teneo. To unsubscribe click [here](#).