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FEATURED Q&A

What Will Result From Venezuela's Local Elections?



Venezuela's opposition must reflect on its strategy following its heavy losses in the country's Nov. 21 regional and local elections, opposition leader Juan Guaidó said last week. // File Photo: Facebook Page of Juan Guaidó.

Q Venezuela's ruling party claimed sweeping victories in the country's Nov. 21 local elections, in which voters cast ballots for candidates in 3,000 local offices, including mayors, municipal councils and 23 state governors. What were the most important developments from the election, and how significant was the participation of the main opposition parties—their first since 2018—in the race? What do the results mean for Venezuelan President Nicolás Maduro's government, as well as for the opposition, and which faction has emerged stronger from the vote? How free and fair did the election appear to be, and what role did European Union observers, who were in Venezuela for the first time in 15 years, play?

A Michael Shifter, president of Inter-American Dialogue: "The most important feature of Venezuela's local and regional elections was the participation of the country's opposition. The decision to compete was difficult, and not all opposition leaders embraced it, but the alternative—to boycott the rigged vote—had been followed in past elections, with little to show for it. To do so this time would have taken the struggling and divided opposition out of the political game in Venezuela. For nearly three years, the opposition pursued a fruitless strategy seeking regime breakdown and a quick democratic transition. A shift toward a more gradual approach was needed. Its leaders—many persecuted, jailed and forced into exile—had become increasingly removed from Venezuelan society and lost considerable popular support. The results were not surprising. Apart from predictably high abstention,

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TODAY'S NEWS

ECONOMIC

Mexican Economy Shrinks Slightly in Third Quarter

Mexico's economy contracted 0.4 percent in the third quarter as compared to the previous three-month period amid factors including supply chain disruptions. The economy grew 4.7 percent in the July-to-September period as compared to the same quarter last year.

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BUSINESS

Banco Inter Shareholders OK Listing on Nasdaq

The Brazilian bank is moving its listing from Brazil's B3 exchange to the U.S.-based Nasdaq.

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POLITICAL

Castro Appears Headed for Victory in Honduras Vote

Leftist former First Lady Xiomara Castro appeared headed to victory Sunday in Honduras' presidential race. With just more than half the ballots counted, Castro led opponent Nasry Asfura by nearly 20 percentage points.

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Castro // Photo: @XiomaraCastroZ via Twitter.

POLITICAL NEWS

Castro Appears Headed for Victory in Honduras Election

Leftist former First Lady Xiomara Castro appeared headed for a decisive victory over conservative Tegucigalpa Mayor Nasry Asfura in Sunday's presidential election in Honduras. With just more than 51 percent of ballots counted, Castro had 53.6 percent of the vote, while Asfura had 33.9 percent, according to the country's electoral authority, CNE. Castro, the wife of former President Manuel Zelaya, who was ousted in a 2009 coup, declared victory late on Sunday. "We have turned our back on authoritarianism," Castro told supporters, Reuters reported. "We're going to form a

government of reconciliation, a government of peace and justice." In a social media post, Asfura urged Hondurans to show patience as the ballots were being counted, stopping short of conceding on Sunday night. During her campaign, Castro vowed to establish formal diplomatic relations with China, which would mean breaking Honduras' relations with Taiwan. Additionally, Castro has pledged to fight corruption, including by enlisting the United Nations, Reuters reported. She has also vowed to seek the legalization of abortion in some cases, as well as work "hand in hand" with Honduras' business community. Business leaders quickly pledged their support on Sunday night. In a Q&A published Oct. 6, Juan Carlos Sikaffy, president of the Honduran Council of Private Enterprise, told the Advisor, "Honduras deserves a bright future with opportunities for its youth, which will be acquired through hard work, as well as new and better jobs. We will

NEWS BRIEFS

Mexico's Economy Shrinks Slightly in Third Quarter as Compared to Second

Mexico's economy contracted 0.4 percent in the third quarter as compared to the previous quarter, the country's National Institute of Statistics and Geography announced Nov. 25, the Associated Press reported. Covid-19 infections, disruptions in supply chains and a new law targeting outsourcing drove the contraction. Year-on-year the economy grew 4.7 percent in the third quarter. Moody's Analytics estimates an annual growth of 5.3 percent for Mexico this year, while the government continues to anticipate 6 percent growth.

Some 75 Homes Destroyed as Earthquake Rattles Peru

A 7.5-magnitude earthquake centered in an Amazonian region of northern Peru was felt as far as Lima on Sunday, Reuters reported. The earthquake destroyed 75 homes and left another 81 uninhabitable across the country, according to the National Institute of Civil Defense. There have been no reports of damage to state oil company Petroperú's pipeline, which crosses the country's Amazon region to the northern Pacific coast, and no earthquake-related deaths have been reported.

Brazil's Petrobras Boosts Five-Year Spending Plan to \$68 Billion

Brazilian state oil company Petrobras announced its 2022-2026 spending plan on Nov. 24, boosting expenditures to \$68 billion from its previous budget of \$55 billion for the five-year period that started in 2021, the Financial Times reported. More than 80 percent of the budget is set to be spent on exploration and production, particularly toward projects in the pre-salt deep sea reserves. Petrobras' oil output is expected to increase to 2.6 million barrels per day by 2026.

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the governing PSUV, which presided over a patently unfair vote, won resoundingly, with the opposition faring poorly, capturing only three of 23 governorships (the opposition performed much better in mayoral races). As expected, President Nicolás Maduro, seeking a measure of international legitimacy, celebrated the process and result. But there is no doubt that Venezuelans overwhelmingly reject his misrule, which has caused so much misery, and that if the election were even remotely fair—and the opposition less fractured—he would have suffered a colossal loss. The question is whether the opposition will now regroup and move toward greater unity, reconnect with a desperate population understandably distrustful of politics and pursue successful negotiations with the regime focused on the 2024 presidential election."

A Vanessa Neumann, CEO of Asymmetrica and former Juan Guaidó-appointed Venezuelan ambassador to the United Kingdom: "If there were a tagline for Venezuela's farce of an electoral show, it would have to

be Chronicle of a Death Foretold: the death of hope of Venezuelans that they have an electoral exit from this brutal dictatorship, and the death of the G4 parties that formed the coalition around Juan Guaidó. To be fair, the opposition never had a chance, but the Europeans wanted it to participate, and the opposition does need to lay the groundwork for the electoral mechanisms that will one day hopefully be needed—perhaps even in 2024. Despite the dictatorship's rampant rigging, which we all expected, the opposition had plenty of failures that don't inspire confidence in their future. First, it had no common goals and objectives, other than to take posts away from the Chavistas. They never defined why people should vote for them and what they're offering. Second, they were completely disunited, without so much as a family photo to put faces to the movement. Third, the candidates did not reflect the electorate: in a country where women suffer the worst horrors every day, even The Washington Post reported extensively on the opposition's blatant misogyny. There is plenty of female political talent, but the G4 system keeps them from the top. The United

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work hard for this alongside any candidate that the majority of our population elects.”

BUSINESS NEWS

Banco Inter Shareholders OK Listing on Nasdaq

Shareholders of Brazil-based Banco Inter have approved moving the bank's listing from Brazil's B3 stock exchange to the Nasdaq in the United States, Reuters reported Nov. 25. Shareholders of Banco Inter, headquartered in Belo Horizonte, will be able to receive Brazilian Depositary Receipts that can be converted into Class A Nasdaq-traded shares of the bank, the wire service reported. Shareholders also have the option of cashing out their shares and must decide which option to take by Dec. 2, the bank's chief financial officer Helena Lopes Caldeira, told Reuters in an interview. Banco Inter is expecting current shareholders to cash out less than 2 billion reais (\$359.30 million) in shares, Lopes Caldeira added. If shareholders seek to cash out a higher amount of shares, the bank may lower the price at which it is offering to cash-out the shares, she said. Currently, the bank is offering 45.84 reais for each share, a 22 percent premium over the closing price on Nov. 25. Banco Inter decided to move its listing from the B3 to the Nasdaq in order to have “more access to global capital markets and potentially a larger and more diverse investor base,” the bank said in a statement.

Mastercard, Jeeves Launch Card for Currencies in Mexico

Mastercard and Mexico-based Jeeves, an expense management platform for start-ups, have launched a new payment card in Mexico that allows for payment in any local currency from any country where Mastercard is accepted, Jeeves said Friday in a statement. The cards do not carry fees and offer as much as 4

THE DIALOGUE CONTINUES

Did North America's Three Amigos Make Significant Progress?

Q **U.S. President Joe Biden, Mexican President Andrés Manuel López Obrador and Canadian Prime Minister Justin Trudeau met Nov. 18 in Washington to discuss economic integration in North America. It marked the first time since 2016 that the three countries' leaders have met for the so-called Three Amigos Summit. What were the most important advancements that came out of the meeting, and what challenges remain? What is the status of one of the main economic sticking points among the countries—a proposed U.S. electric vehicle tax credit that is intended to favor unionized manufacturers that are based in the United States? How well are the three countries working together on migration?**

A **Roberta Lajous, former Mexican ambassador to Cuba, Bolivia and Spain:** “The most important outcome of the Three Amigos Summit is that it took place. After a five-year interruption and former U.S. President Trump's threats to end NAFTA, today we have the USMCA and a renewed commitment by the three North American leaders to bring about further regional integration. Hours before the U.S. Congress approved NAFTA in 1994, there was reasonable doubt it would take effect. Less than 30 years later, North

American trade has increased well beyond any expectation, and we can truly celebrate that regional integration is looking up in the face of growing competition with China. Not only do we trade more, we do more things together. Yes, we are more competitive as a region than each country is individually. Unresolved issues are on the table, such as the U.S. Buy American policy and tax credits for electric vehicles, Canada's dairy industry requests and Mexican claims for energy independence, which are increasingly uncomfortable for its neighbors. But the three leaders have met to talk things over and are committed to complying with USMCA rules. The coming months will be crucial in coming to terms with the rules and coordinating domestic and regional agendas. Governments have the responsibility to do it, yet there is a larger role for businesses, universities and NGOs to help craft the answers and bring about greater regional consciousness to all actors involved in enlarging North America's prosperity. When there is a will, there is a way. Let's all start working on it.”

EDITOR'S NOTE: The comment above is a continuation of the Q&A published in the Nov. 24 issue of the Advisor.

percent cash back, Dileep Thazhmon, Jeeves' chief executive officer and founder, said in a statement. “The start-up ecosystem in Mexico and all of Latin America is thriving,” said Thazhmon. Jeeves, which launched last January, is working with more than 700 businesses in Mexico, including Runa, Moons, Bitso, Kavak and Jüsto, Jeeves said in its statement. “In recent years, we have seen an exponential growth of the fintech ecosystem in the market,” said Pablo Cuarón, director of new payment flows at Mastercard México. “Through these

collaborations, we can contribute to a fast digital transformation that provides start-ups with the products that directly align with their needs and facilitate access to financial services.” Jeeves said it approves new cards quickly and without personal guarantees. The deal between Jeeves and Mastercard follows two funding rounds in which Jeeves raised more than \$188 million. Among the investors in the funding rounds were Andreessen Horowitz, Y Combinator and CRV, said Jeeves.

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States and a few others such as the United Kingdom will still likely support Guaidó. However, Guaidó's statement that the opposition needs to regroup and learn from its mistakes doesn't even rise to the level of magical realism. As he enters the fourth year of his mandate, during which time the dictatorship has only strengthened, just now the opposition is now going to learn how to connect with an electorate and formulate a strategy?"

A **Julia Buxton, British Academy Global Professor at the University of Manchester:** "The most surprising aspect of the election was the hastiness of U.S. Secretary of State Antony Blinken's statement. It might be hoped that after years of pre-emptive interventions and deep bilateral freeze, there might be some recognition by the U.S. government of the positive gains from *primus inter pares*. In an 'ordinary' political context, the regional and municipal elections would have been a minor political affair. But the conduct of these elections and the results are a measure for many things—not just vital domestic aspects such as political party popularity, the legitimacy of political actors or the capacity of Venezuela's electoral administration to oversee a clean, transparent process—at least on the day. They are also a determinant of next steps in the crippling U.S. sanctions regime, the volume and velocity of Venezuelans exiting the country and progress in dialogue to address urgent humanitarian issues. The actual results were predictable—a routine PSUV sweeping of the board by default of multiple opposition failings and obstacles. This is the story of the last two decades. Breaking this cycle required a calm response from external interlocutors. Countries engaged in supporting dialogue have E.U. and other election observation to draw on. This information allows common understanding and benchmarks to be established, in turn advancing critical issues such as the lifting of sanctions. The

E.U. statement is forward-looking, understanding of carrots and sticks. Unfortunately, the United States seems to have torpedoed space for any constructive steps that this might have allowed. That is also the story of the last two decades."

A **David Smilde, senior fellow at the Washington Office on Latin America and professor of sociology at Tulane University:**

"Despite efforts to discourage the vote by hardliners on both sides, 42 percent of eligible Venezuelans turned out to vote in the regional elections—the figure is closer to 50 percent if you take into account the four million or more registered voters who are abroad but unable to vote. The results reveal Venezuela's crisis of democratic representation. Despite its controlling every branch of the government, harassment of opposition politicians, domination of media and instrumentalization of food and other basic necessities, the Socialist Party received the lowest vote total in its history. Most electors voted for gubernatorial candidates opposing the Maduro government, yet opposition forces only came away with three of 23 governorships because they divided their vote. If they had unified candidacies, they could have won the majority of gubernatorial contests—between 12 and 15. Until the Venezuelan opposition develops mechanisms to aggregate preferences and resolve conflict, this sad scene will be repeated indefinitely. The opposition needs to develop institutions that can draw in their own fringes on the left and right and unify candidacies, giving preference to candidates who actually have some organic link to the populations they want to elect them, preferably through primaries. This seems like a tall order, but they have done it before, for example in the 2015 legislative elections. The opposition's current chaos is exacerbated by an interim government out of sync with the larger opposition and which prioritizes its own self-preservation over unification of the movement."

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Erik Brand
Publisher
ebrand@thedialogue.org

Gene Kuleta
Editor
gkuleta@thedialogue.org

Anastasia Chacón González
Reporter & Associate Editor
achacon@thedialogue.org

Leticia Chacón
Reporter
lchacon@thedialogue.org



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Subscription inquiries are welcomed at ebrand@thedialogue.org

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