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FEATURED Q&A

What Challenges Face Mexico's First Female President?



Claudia Sheinbaum, a climate scientist and former mayor of Mexico City, was elected Mexico's first female president on Sunday in a landslide. // Photo: Instagram account of Claudia Sheinbaum.

Q Claudia Sheinbaum of the ruling Morena party was elected Mexico's first female president on Sunday in a landslide. She defeated Xóchitl Gálvez of the National Action Party and Jorge Máynez of the Citizens' Movement party, both of whom conceded. Also on Sunday, Mexicans voted for more than 20,000 local, state and congressional candidates, and the ruling party is projected to have also won both chambers of Congress. What are the biggest challenges facing Sheinbaum when she takes office on Oct. 1? What are the main initiatives she is likely to push, and to what extent will her policies differ from that of her predecessor and mentor, outgoing President Andrés Manuel López Obrador? How well will she be able to work with Mexico's Congress, and with other countries, including the United States?

A Rebecca Bill Chavez, president and CEO of the Inter-American Dialogue: "Critics often label Claudia Sheinbaum as a 'carbon copy' or 'puppet' of AMLO, suggesting her sexenio will mirror his populist policies and authoritarian approach to governing. While Sheinbaum shares key aspects of AMLO's vision for Mexico, dismissing her as incapable of independence sadly echoes common gender stereotypes that undermine women in leadership and are often inaccurate. In fact, Sheinbaum's record as mayor of Mexico City reveals a leader who can diverge from AMLO's approach and implement distinct policies, which we saw most clearly in her approach to security, the energy transition and the pandemic. Take Sheinbaum's approach to the urgent challenge of public insecurity. Unlike AMLO, who embraced the failed

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TODAY'S NEWS

ECONOMIC

Mexican Peso, Stocks Plunge Following Ruling Party's Victory

Mexico's peso and the country's benchmark stock index sharply dropped Monday, a day after ruling party candidate Claudia Sheinbaum's landslide presidential victory and a dominant showing by the party in congressional and state races.

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BUSINESS

Portugal's EDP Inaugurates Chile Wind Farm Project

Portuguese electric utility EDP inaugurated the Punta de Talca wind farm project in Chile's Coquimbo region.

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ECONOMIC

Colombia Faces Nearly \$7 Billion Budget Shortfall

A fall in tax collection has led to a gaping budget gap in Colombia. Finance Minister Ricardo Bonilla has said fiscal adjustments will be needed later this year.

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Bonilla // File Photo: Colombian Government.

ECONOMIC NEWS

Ruling Party's Victory in Mexico Rattles Financial Markets

Mexico's peso and the country's stocks dived on Monday following the landslide presidential election victory of Claudia Sheinbaum of the ruling Morena party and the party's strong showing in congressional and state elections, The Wall Street Journal reported. The peso fell more than 4 percent to 17.72 against the U.S. dollar, and Mexico's IPC benchmark stock index plunged 6 percent, its sharpest drop by percentage terms since the beginning of the Covid-19 pandemic in March 2020. Mexico's nationalist movement may now have the ability to push constitutional changes that its opponents say could weaken the country's democracy and also increase the role of the government in the economy, the newspaper reported. Sheinbaum had a double-digit lead in polls leading up to Sunday's election, so while her victory was expected, the scale of Morena's gains surprised markets, Reuters reported. Sheinbaum won the election by more than 30 percentage points ahead of her nearest competitor, Xóchitl Gálvez, a businesswoman and former senator. The scale of Sheinbaum's victory appears to be the largest for a Mexican president since 1982, The Wall Street Journal reported. Also on Sunday, the ruling party's candidate won the Mexico City mayoral race, and the party may have a two-thirds supermajority in both chambers of Congress, Reuters reported. Morena also won seven of the nine gubernatorial elections on Sunday. "We're now firmly in the territory of one-party rule in Mexico," Duncan Wood, a senior advisor at the Wilson Center in Washington, told The Wall Street Journal. "Not just the presidency and Congress, but across the country. It's an absolute tidal wave," he added. Potential constitutional changes in Mexico could include overhauling the judiciary by allowing judges to be selected by popular vote, elimination of autonomous regulators for some industries with their responsibility transferred to government agencies and expanding

the government's role in the power sector, The Wall Street Journal reported. Other changes would include reducing the size of Congress and reducing the funding of political parties, the newspaper reported. "Some bills are perceived as leading to institutional erosion and weakening the current checks and balances; and several are not viewed as market friendly," Alberto Ramos, the chief Latin America economist at Goldman Sachs, told The Wall Street Journal. "With full control of the House, and for practical purposes likely the Senate as well, the probability that a significant part of this broad agenda is approved increased significantly," he added. Outgoing President Andrés Manuel López Obrador and others in the ruling party have said the changes would improve the country's democracy. The ability to vote for judges, including on the supreme court, would make them more accountable to the public, López Obrador has said. He has long accused judges of catering to wealthy business leaders. Sheinbaum has said she would respect private investment and also maintain fiscal discipline and the independence of the central bank. "We are democrats and out of conviction would never be an authoritarian or repressive government," Sheinbaum told a cheering crowd in Mexico City in her victory speech on Sunday.

Colombia Faces Nearly \$7 Billion Budget Shortfall

Colombia's government is facing a budget shortfall of approximately 27 trillion pesos (\$6.9 billion) this year amid a plunge in tax collection, Reuters reported. Tax revenues fell 40.9 percent to \$4.83 billion in April, bringing the budget shortfall to \$2.85 billion in the first four months of the year, the wire service reported. Finance Minister Ricardo Bonilla has said the government may need to make fiscal adjustments in this year's fourth quarter, but analysts have said changes may be needed sooner, the wire service reported. Otherwise, the country could miss fiscal targets and raise concerns among ratings agencies. Colombia's DIAN tax agency has said the Andean nation

NEWS BRIEFS

Mayor of Town of Cotija in Mexico's Michoacán State Killed

The mayor of the Mexican town of Cotija in Michoacán state, Yolanda Sánchez Figueroa, was shot and killed Monday along a public road, Agence France-Presse reported. The murder came just a day after Mexico elected its first female president, Claudia Sheinbaum, whose victory boosted hopes that Mexico will curtail gender-based violence. At least 23 political candidates were murdered in Mexico before Sunday's elections, CBS News reported. Authorities said operations had been launched to apprehend the mayor's assassins.

Conille Sworn in as Haiti's Interim Prime Minister

Development specialist Garry Conille was sworn in Monday as interim prime minister of Haiti and said the country's political groups are working together, Reuters reported. "We are going through an interesting moment for the Haitian people, a moment of political groups putting aside their differences for the interest of the nation," Conille said. Gangs have increasingly taken control of territory in Haiti, and the country is awaiting a police contingent to be deployed from Kenya to help restore order.

Canadian Border Agents Enter New Talks With Gov't as Strike Looms

The Canadian border agents' union entered fresh negotiations Monday with the government with the aim of avoiding a potential strike that may disrupt the passage of commercial trucks across the border as well as other services, The Wall Street Journal reported. The union, which has been without contract for over two years, has several demands, including higher pay, and will be in a legal strike position by Thursday, according to the union.

will not meet its targeted collection of close to \$2.6 billion from arbitrations this year, and finances will also be strained after a court ruling that allows extractive industries in the country to continue deducting royalties from the taxes they owe. Colombia's economy also saw a 25 percent plunge in investment last year. That "nosedive" resulted from higher regulatory uncertainty as President Gustavo Petro seeks reforms in several industries, Daniel Velandia, head of research and chief economist at Credicorp Capital in Bogotá told the Advisor.

BUSINESS NEWS

Portugal's EDP Inaugurates Wind Farm Project in Chile

Portuguese electric utility company EDP has inaugurated a major renewable energy project in Chile, the Punta de Talca Wind Farm, Power Engineering International reported today. The wind farm, which is EDP's first operational project in Chile, is located in the municipality of Ovalle in the country's Coquimbo region and has the capacity to produce 83 megawatts of energy for Chile's electric grid through use of 14 wind turbines. The annual generation capacity of the Punta de Talca Wind Farm is roughly equivalent to the power consumption of 95,000 Chilean homes, and the project will avoid the emission of some 140,000 tons of carbon dioxide per year, Power Engineering International reported. "This inauguration represents a fundamental step in our growth strategy in South America. Chile is a key market for us because of its commitment to clean energy and its growth potential in renewable energy," said João Marques da Cruz, EDP's South America head, Power Engineering International reported. "Punta de Talca is not just the start of a solid relationship with Chile, but also reinforces our position in the global market and our long-term commitment to sustainability and the economic development of the communities in which we are involved," he added. Last year, EDP announced it would develop three

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policy of militarization, Sheinbaum focused on strengthening Mexico City's civilian police force through growth, modernization and professionalization. However, withdrawing the armed forces from civilian roles faces significant challenges. AMLO's administration has deeply embedded the military in the Mexican economy, granting it control over infrastructure projects, airports, seaports and customs operations. This entanglement complicates any efforts Sheinbaum might make to demilitarize these sectors and law enforcement more generally. One of the greatest outstanding questions is whether Sheinbaum will strengthen the democratic institutions AMLO sought to dismantle, including the independent electoral commission and the judiciary. Which direction she chooses is a critical question not just for Mexico but also for the United States, given Mexico's importance as the United States' largest trading partner and its role as an indispensable stakeholder on fundamental issues such as democracy, illicit trafficking, nearshoring and immigration."

A **Andrés Rozental, member of the Advisor board, president of Rozental & Asociados and former deputy foreign minister of Mexico:** "In addition to the presidency, voters gave Morena and its coalition partners a qualified majority of legislators in both houses of Congress, which will result in AMLO being able to pass constitutional amendments in the new Congress before he leaves office. Morena also swept most of the nine governorships that were in play and kept its hold on Mexico City. Sheinbaum faces all the same problems Mexico has had during AMLO's presidency: a stagnant economy, extraordinary levels of violence in many of the country's states, a highly polarized society

additional wind energy projects in the coming years, totaling more than 450 megawatts and capable of providing clean energy to roughly 650,000 Chilean households each year. Those

with an increasing presence of organized crime and the ever-present issue of relations with the United States. Whether her policies will differ fundamentally from those of her predecessor is an open question. During the campaign, Sheinbaum was indistinguishable from López Obrador, but once she assumes office we don't really know what her specific priorities will be, nor how much influence the former president is likely to want to have on her. With both houses of Congress comfortably in the hands of Morena and its affiliated parties, Sheinbaum will have no problem passing her legislative priorities. I expect that one area in which the president-elect might differ from López Obrador is in Mexico's relations with other countries, especially with the United States. The 2026 revision of the USMCA is already on the agenda in all three North American countries, and the bilateral issues of migration, violence and drugs will be ongoing concerns in Mexico's relations with Washington."

A **Viri Rios, Mexico City-based scholar and public policy expert:** "Sheinbaum's landslide victory can be attributed to López Obrador's labor and social policies, which significantly benefited the Mexican working class. Her mandate is to maintain and expand these policies. For the United States, this is positive news because Sheinbaum is likely to prioritize strong trade relations due to the importance of the export economy for well-paying jobs in Mexico. Additionally, she will likely enforce a restrictive immigration policy toward Central America to protect the Mexican labor market from an oversupply of labor. Finally, she will need to combat organized crime to maintain economic stability. Overall, this means that despite her alignment with the Latin American left,

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projects are expected to be completed between 2027 and 2030 in partnership with a local developer and will be located in the Ñuble and Los Ríos regions.

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Sheinbaum's agenda will primarily focus on maintaining a strong relationship with the United States. Regarding concerns about autocratization, while risks exist due to her support for some of AMLO's controversial reforms, including the popular election of Supreme Court judges and electoral authorities, other factors will limit her power. Throughout her six-year term, Sheinbaum is expected to face institutional constraints such as the required revocatory referendum, potential internal party fragmentation and possible popularity backlashes."

A **Arturo Sarukhan, board member of the Inter-American Dialogue and former Mexican ambassador to the United States:** "We've just been reminded of what a state-run election in the glory days of the PRI's decades of one-party rule looked like in Mexico. In what has been a relatively free but blatantly unfair election (López Obrador consistently violated electoral laws by throwing untold resources—including the proverbial kitchen sink—behind his party's candidate), Sheinbaum will now have to start answering some big questions, most notably, whether she will be able to—and be willing—to wean herself from the long shadow López Obrador will cast over her and the country after Oct. 1, and become her own woman. Paradoxically, if Morena does indeed achieve a supermajority in Congress (a likely scenario in the lower house and potentially, if defections from the PRI occur, in the Senate), that will be harder to pull off. Moreover, it now has a majority of governorships to ratify constitutional reforms if the Senate approves them. This is not encouraging and will be challenging as Mexico seems doomed to continue down the slippery slope of democratic erosion. Sheinbaum will also face demands from voters to tackle violence and public insecurity, the main issue driving voter concerns, as well as a tightening fiscal situation in the coming year, which could constrain the unconditional cash handouts that have been the hallmark of López Obrador's tenure and

one of the main reasons for the big success Sunday in the polls. The stakes could not be higher for a Washington that has been turning a blind eye."

A **Arantza Alonso, senior analyst for the Americas at Verisk Maplecroft:** "Sheinbaum will have to face an epidemic of crime and violence fueled by organized crime groups, which has left over 170,000 people dead from 2018 through March 2024. Extortion, kidnappings, disappearances, shootings and targeted killings are frequent, particularly in territories where criminal groups are battling over turf and profitable businesses such as fuel and cargo theft. With more than half of the employers surveyed by the Mexican Employers' Confederation last year saying they had been victims of a crime, business leaders are increasingly concerned about organized crime and the extra costs it imposes. The next president will also inherit the country's largest fiscal deficit in over three decades, as well as significant financial challenges including popular yet costly welfare programs and, most importantly, state petroleum company Pemex. Without a concrete solution to Pemex's finances, neither external market sentiment nor the credit ratings agencies are convinced of Sheinbaum's fiscal credentials. Her main proposal—to kick the can down the road by refinancing Pemex's upcoming debt obligations—is unlikely to wash with investors, given Pemex's equally deep structural issues. Morena's landslide victory means Sheinbaum will be able to fully implement her agenda, increasing her chances of maintaining strong social support. However, this also means there will be fewer checks and balances, increasing institutional and regulatory risks for business. We expect that Sheinbaum will attempt to maintain decent relations with other countries, particularly with the United States, and to focus on achieving a revision of the USMCA in 2026 that is beneficial for Mexico."

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