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FEATURED Q&A

Who Will Mexico's Ruling Party Tap as its Candidate?



Claudia Sheinbaum resigned this month as Mexico City's mayor to launch her campaign to succeed President Andrés Manuel López Obrador. // File Photo: Facebook Page of Claudia Sheinbaum.

Q Mexico City Mayor Claudia Sheinbaum resigned on June 16 to launch her campaign for Mexico's presidency. The mayor is a member of President Andrés Manuel López Obrador's Morena party, which has said it would select its nominee for president by early September. On June 12, Foreign Minister Marcelo Ebrard also resigned to seek the nomination. How is Mexico's presidential race shaping up, and who has the best chance of becoming Morena's candidate? Who will represent the opposition, and what issues will drive the election?

A Andrés Rozental, member of the Advisor board and president of Rozental & Asociados: "The first thing to say about the presidential election process is that the Morena movement has launched a contest to define a so-called Coordinator for the Defense of the Fourth Transformation, a thinly disguised competition to decide who will be its presidential candidate in 2024. This is totally outside the rules of Mexico's electoral law and the constitution. Calling a presidential contest by any other name is likely to bring judicial lawsuits and may eventually end up in the electoral court. In the meantime, however, the country's media has been dominated by the four 'official' Morena aspirants and whether Claudia Sheinbaum or Marcelo Ebrard will prevail. So far, indications from President López Obrador—who has promised to keep out of his movement's internal contest—are that he favors Mexico City's former mayor. Former Foreign Minister Ebrard has repeatedly called for a more level playing field, and some analysts still consider him to be an outside possibility to leave Morena and run as another party's can-

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TODAY'S NEWS

ECONOMIC

Mexico Imposes 50% Import Tariff on White Corn

Mexico's government on Saturday began imposing a 50 percent import tariff on white corn. The tariff comes amid a trade dispute between Mexico and the United States and Canada over genetically modified corn.

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ECONOMIC

OPEC Reportedly Invites Guyana to Join Oil Cartel

The Organization of the Petroleum Exporting Countries, or OPEC, has reportedly been courting Guyana, the world's fastest-growing oil producer.

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POLITICAL

Torres, Arévalo Head to Runoff in Guatemala

Former First Lady Sandra Torres, pictured voting on Sunday, and former diplomat Bernardo Arévalo, emerged as the top finishers in Guatemala's presidential election and will face each other in a runoff on Aug. 20.

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Torres // Photo: Facebook Page of Sandra Torres.

POLITICAL NEWS

Torres, Arévalo Head to Runoff in Guatemala Election

Former Guatemalan First Lady Sandra Torres appeared to have won the most votes in the first round of the country's presidential election on Sunday but fell far short of the more than 50 percent threshold needed to avoid a runoff, Reuters reported. With more than 90 percent of the votes counted, Torres had 15.3 percent of the vote, and Bernardo Arévalo, a former diplomat, appeared to have come in second, with 12.1 percent of the vote, according to the country's Supreme Electoral Tribunal. "The results show an almost definite trend" in which Torres and Arévalo would face each other in the second round on Aug. 20, the election authority said. Arévalo is a current member of Guatemala's Congress and a former diplomat, and, like Torres, a center-leftist. "We didn't come to win polls. We came to win the election," Arévalo said in a posting on Twitter. As the results came in from Sunday's election, Torres told reporters she was optimistic. "We're happy," she said, Reuters reported. "We're going to win, against whoever it may be." Manuel Conde, the candidate backed by current President Alejandro Giammattei, appeared to have finished third, with 7.9 percent. Zury Ríos, a former lawmaker and daughter of former dictator Efraín Ríos Montt; and former diplomat Edmond Mulet also trailed with support in the single digits, Bloomberg News reported. In the vote, nearly a quarter of the ballots were left blank or spoiled, Reuters reported. The spoiled ballots were seen as an expression of voters' discontent about the election process. Last month, a judge struck early front-runner Carlos Pineda from the ballot in a decision that the Constitutional Court later upheld. Pineda urged voters to cast voided ballots in protest. Arévalo has made fighting corruption a main priority of his platform, Reuters reported. The election was also marred by violence in some areas. In Guatemala City, assailants attacked two voting stations with Molotov cocktails, Bloomberg

News reported. In nearby San José del Golfo, armed men stopped a bus transporting election officials, some of whom were doused with gasoline, the electoral authority said. Police officers rescued the officials, and the motive for the attack was unclear.

ECONOMIC NEWS

Mexico Launches 50% Import Tariff on White Corn

Mexico's government on Saturday began imposing a 50 percent tariff on imports of white corn, a move that President Andrés Manuel López Obrador has said is an effort to increase domestic production of the food staple and prevent imports of corn that is genetically modified, the Associated Press reported. The tariff will be in place until the end of this year, according to a notice published late Friday in the country's official gazette. The new tariff comes amid a trade dispute between Mexico and the United States and Canada over genetically modified corn. Mexico exempted white corn from tariffs earlier this year as part of the country's efforts to battle inflation. However, the decree published Friday said that exemption "has not generated a significant impact on the decrease in prices in the national market, so it's considered appropriate to eliminate it," the AP reported. Mexico's rate of inflation was 5.84 percent in May, a level the government has considered mainly under control. Mexico imports white corn for human consumption mainly from the United States and South Africa. The tariff could be in violation of the USMCA trade agreement and may complicate the dispute among Mexico, the United States and Canada over genetically modified corn. Mexico has sought to restrict genetically modified white corn for human consumption and may also seek to eliminate genetically modified yellow corn, which is used for animal feed, the AP reported. For years, Mexico has been importing the yellow corn from the United States, purchasing some \$3 billion annually.

NEWS BRIEFS

Honduras Announces Curfews in Two Cities After Deadly Attacks

Honduras' government announced curfews on Sunday for two northern cities after more than 20 people were killed in separate attacks, President Xiomara Castro said via Twitter. In Choloma, 13 people were killed and another person was seriously wounded after heavily armed men opened fire at a billiards hall on Saturday, police spokesman Edgardo Barahona told the wire service. At least another 11 were also killed on Saturday in separate attacks in the Valle de Sula zone, which includes the city of San Pedro Sula. The curfew in Choloma took effect immediately, and the one in San Pedro Sula goes into effect July 4. The curfews are to last for 15 days.

Ecopetrol Selling Oil to Asia at a Discount Amid Competition From Russia

Colombian state oil company Ecopetrol is continuing to sell oil to Asia despite having to do so at a fraction of previous profits because of competition with Russia, Reuters reported today. "You cannot sell at the same discount as you sold before, you have to sell at bigger discounts," Ecopetrol's chief financial officer, Jaime Caballero Uribe, told the wire service at the Energy Asia conference in Kuala Lumpur. "That happens to all crude (graders), not only ours," he added.

Mortgage Credit Expands 5.6 Percent in Peru: Central Bank

Peru's level of mortgage credit grew 5.6 percent in May as compared to the same month last year, state news agency Andina reported, citing the country's central bank. Mortgage loans also grew 0.5 percent in May as compared to April, the central bank added.

The United States and Canada have said that Mexico's concerns about genetically modified corn has no grounding in science. Earlier this month, Canadian officials announced that they would join the United States' trade dispute against Mexico over genetically modified corn imports. U.S. officials have said that talks with Mexico about the issue have failed to produce results, so the United States on June 2 asked for the opening of a formal dispute resolution process. The process involves experts studying the complaint and ruling on whether Mexico violated the USMCA. If it is judged to have run afoul of the agreement, it could face trade sanctions, the AP reported. Mexico produced nearly 23 million metric tons of white corn last year and imported just 614,000 metric tons of the commodity between January and October 2022, Reuters reported, citing data from Mexico's agriculture ministry. [Editor's note: See related [Q&A](#) in the Nov. 21, 2022 issue of the Advisor.]

OPEC Invites Guyana to Join, VP Expresses Concerns

The Organization of the Petroleum Exporting Countries, or OPEC, has been trying to convince Guyana to join, The Wall Street Journal reported today, citing unnamed people familiar with the matter. Guyana, which has a population of less than one million, has become the world's fastest-growing oil producer, thanks to an enormous oil find. Up until now, however, the country has rejected the cartel's invitation. Vice President Bharrat Jagdeo told The Wall Street Journal that he fears that joining the cartel would force it to adhere to the decisions of countries like Saudi Arabia to curb global supplies and prop up prices. Jagdeo said his priorities are maximizing both profit and production. He told the newspaper that the South American country is aiming to boost its production by one million barrels a day by 2028—the same increase as Saudi Arabia is planning in the same period.

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didate or as an independent. As far as the opposition parties go, there is a theoretical commitment by the PRI, PAN and PRD to field a single candidate for 2024, but this has not yet materialized and probably won't be defined until later this year. There are several PAN politicians waiting in the wings, while the PRI has more than a dozen potential candidates who have signaled their desire to run. A fourth, smaller party, Movimiento Ciudadano, is vacillating between going it alone with its own candidate, or maybe joining all or part of the 'Va por México' alliance."

A **Carin Zissis, editor-in-chief of AS/COA Online at the Americas Society/Council of the Americas:** "López Obrador and his party, Morena, insist there will be no *dedazo*, a long-held Mexican practice whereby the president picks his successor. Still, Sheinbaum is seen as AMLO's favorite, and observers use her catchphrase, #EsClaudia ('It's Claudia'), like a *fait accompli*. Then again, Ebrard gained momentum when Morena's coalition backed his proposal that rivals exit their posts this month to compete for the party's candidacy. With a five-poll process to pick the candidate and no public debates, Morena hopes to project a unified front, even if rumors of infighting abound and this unprecedented selection process faces tests. And while AMLO, buoyed by popular social programs, continues to command high approval, disapproval runs higher for his government's handling of top issues such as crime, corruption and the economy. The problem for the opposition is that most voters don't think it can do any better. Morena has much higher favorable ratings than any of the three parties in the opposition Va Por México alliance, which, beset with its own infighting woes, will announce its selection process by the end of June. Head-to-head polling gives both Sheinbaum and Ebrard double-digit leads over the alliance's top names. Of course, the election is a year away. Va Por México could get a

boost with the backing of Mexico's third political force, Movimiento Ciudadano (though its party leader compared the alliance to a sinking ship). The opposition could unveil a surprising name. But with AMLO, the Teflon president, at the helm, the Morena candidate announced in September has a strong chance of winning nine months later."

A **Gavin Strong, principal at Control Risks in Mexico City:** "Sheinbaum is most likely to be Morena's presidential candidate, in part because she appears to be López Obrador's preferred choice. Given López Obrador's power and popularity, this places Sheinbaum in an all but unassailable position as she and her rivals embark on Morena's internal electoral process. From these rivals, we can discount the obstreperous Ricardo Monreal, the former head of the Morena caucus in the Senate. Former Interior Minister Adán Augusto López is a potential dark horse given his particularly close relationship with López Obrador and his recent polling ahead of Ebrard (but behind Sheinbaum). The former, however, won't go down without a fight. Behind the scenes, the process is likely to be rancorous—the mutual enmity between Sheinbaum and Ebrard's teams is well known, if not well documented. The main opposition coalition 'Va por México'—comprising the PRI, the PAN and the (frankly, irrelevant) PRD—has restated its intention to field a unity candidate. Irrespective of who this is, they won't win the presidential election. Meanwhile, the Citizens' Movement—which has resisted overtures to join 'Va por México,' in part to avoid being tarred with the same brush as the PRI—is set to go it alone. The general election campaign itself is likely to be dominated by debates on the economy, public security and the state of Mexican democracy. Despite promising so much but delivering so little, Morena's poor track record on corruption is likely to escape intense scrutiny given the PRI and the PAN's dreadful legacy on this front."

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A **Arantza Alonso, senior analyst for the Americas at Verisk Maplecroft:** “Morena’s rules to select a nominee aim to maintain unity. But nominees themselves have shaped the rules, highlighting the higher influence of some candidates within the party to play to their strengths. For example, the rule prohibiting official debates stems from the efforts of Claudia Sheinbaum’s team to protect her as the leading candidate. But Sheinbaum’s team has in fact exposed one of her main weaknesses, her inability to speak extemporaneously. The nature of polls—Morena’s

“**Morena’s early start puts pressure on the opposition.”**

— Arantza Alonso

chosen selection method—makes them problematic to select a clear winner. We expect deep inconformity to rise if the race is close and results on Sept. 6 fall within the polls’ margin of error. This could erode Morena’s hoped-for (and needed) unity. Despite some details on the selection process remaining unclear, Morena’s early start puts pressure on the opposition. Agreeing on one of the (thus far) 14 potential contenders for the ‘Va Por México’ coalition—formed by the PRI, the almost-defunct left-wing PRD and the right-wing PAN—is an enormous task. The most worrisome prospect for the coalition is that none of its 14 contenders appears to be a viable challenger against any of Morena’s handful of hopefuls. Meanwhile, the social democratic MC will fail to provide a ‘third way’ by waiting until December 2023 to present its candidate. But regardless of names, security, health, the economy and corruption

will dominate the agenda. And even if not competing formally, AMLO will influence the agenda in what is set to become a drawn-out campaign.”

A **Enrique Bravo-Escobar, senior program officer for global at the National Endowment for Democracy:** “The likelihood of a Morena victory in the 2024 presidential elections in Mexico makes the party’s primaries a crucial process. There are several contenders, but two are the most serious: former Mexico City Mayor Claudia Sheinbaum and former Foreign Minister Marcelo Ebrard. Sheinbaum is deemed as AMLO’s favorite and stronger among the party base. Ebrard, however, is more electable outside the party, and those votes count. Each will try to balance the need to be seen as heir and defender of AMLO’s legacy to maintain the necessary support of the president—and his followers—and yet will need to win more hearts than Morena’s core base. The stakes are high, so do not expect a frictionless process, but splits are not in their interest either. For now, all bets are off. The opposition remains essentially lost. United only by their disgust for López Obrador, the PRI-PAN-PRD coalition is filled with ideological and programmatic contradictions and has not developed an inspiring, alternative narrative. It needs to engage in an exercise of self-criticism and an unemotional assessment of the basis for the real popularity of the AMLO government to design a successful strategy. Without that, it almost does not matter whether the candidate is an old-school panista like Santiago Creel, a newcomer like Lilly Téllez or even worse, a priista. The opposition has yet to become viable, and no one should hold their breath in the short term. The general election will be all about Forth Transformation continuity, its main social projects and the economy—not about democracy.”

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