

Moderation, the essential ingredient for a feasible transition

- **Recent polls reaffirm hardliner María Corina Machado as the favourite to win opposition primaries**
- **Machado leading a united opposition ticket could have negative implications for bonds**
- **Lack of compromise and radicalisation could take negotiations to a dead-end**

Three recent surveys revealed high support for hardliner María Corina Machado from the *Vente Venezuela* party [Come Venezuela, (VV)] for the opposition's primary elections to be held later this year. Before going into the results of these independent polls -conducted between January and early February-, we will briefly review Mrs. Machado's background. A former lawmaker (2011-2014) and long-standing political rival of Chavismo, María Corina Machado supports economic liberalism and pro-market policies. She is seen by most opposition voters as a coherent, honest and independent leader, one that has upheld the values of integrity and ethical behaviour for a long time. In this regard, she has succeeded in dissociating herself from other opposition groups that have become discredited by inconsistent strategies, internal divisions, and unfulfilled promises. Despite this, for Machado to have a real chance of eventually winning the election, we are of the view that she would need to forge an alliance with at least one party of the G-4 coalition. Her political isolation is, therefore, one of her main weaknesses going into the 2023 primaries, especially if the National Commission that is organising the event opts for a two-round voting system. Importantly, any of the G4 parties could fill this gap, on the back of their strong political machinery and broad regional presence.

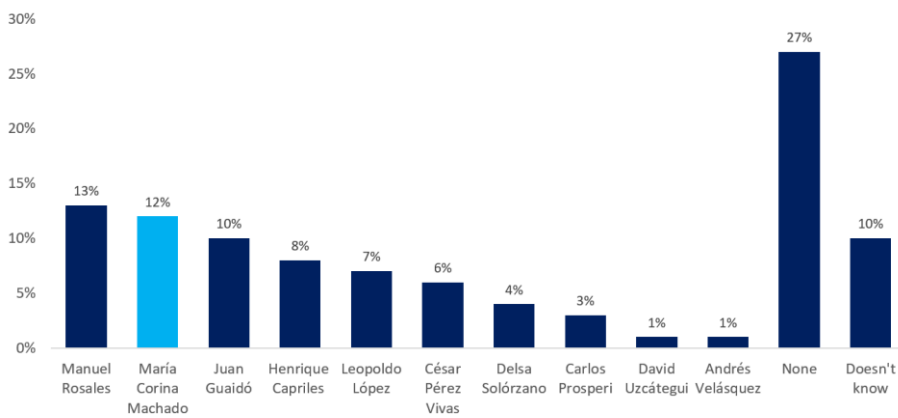
The scenario of María Corina Machado leading a united opposition presidential ticket could have negative implications for bonds. The negotiation process in Mexico is likely to stagnate further inasmuch as the hawks in both sides gain influence. Given Machado's tough stance on human rights and democracy, her victory in the primaries could severely impair the likelihood of a silver lining solution such as the general amnesty put forward by Colombia's Petro. The clout of Chavismo's most radical factions would also grow as a knee-jerk reaction in the opposite side of the political spectrum. Stalled negotiations would be a substantial downside risk on the recent sanction relief granted by the United States, inhibiting any further relaxation. On top of this, we would not rule out the government resorting to extreme measures, such as banning or arresting some of the main opposition leaders (including Machado herself) and raises the odds of electoral fraud.

The evidence from polls

- **Cyber Data (January):** As shown in Chart 1, **Manuel Rosales leads voting intentions, but only by a small margin.** María Corina Machado came in second, but only two percentage points above Juan Guaidó of *Voluntad Popular* party [Popular Will (VP)]. Noteworthy, **the data was collected before comedian Benjamín Rausseo confirmed that he would participate in the race** on 24 January, when he formally enrolled his nomination. Presumably, Rausseo could benefit from the 27% share of respondents that would vote for none of the candidates.

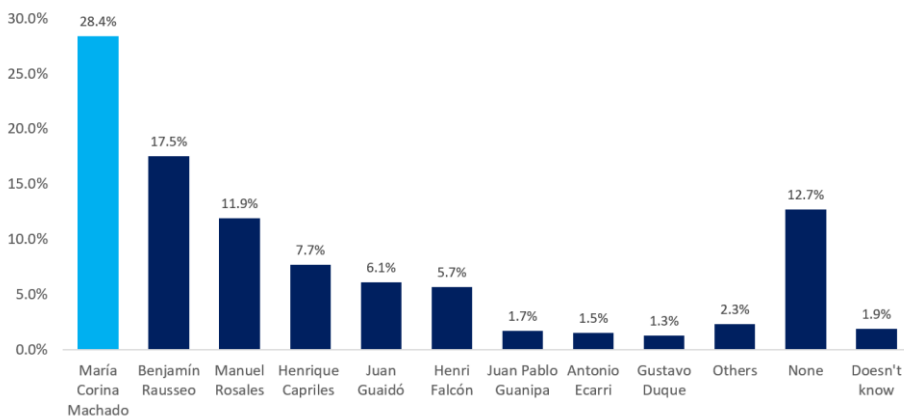
- More Consulting (January):** This pollster captured a **two-digit advantage for María Corina Machado** (28.4%) over its closest competitor (see Chart 2), outsider Benjamín Rausseo (17.5%). Importantly, in a sub-sample of respondents who identify themselves as opposition supporters, Machado’s lead rises to 36.8% vs 13.0% for Rausseo.
- Datincorp (February) reaffirmed Machado’s advantage for the primaries and also for the presidential election.** Indeed, the preferences surveyed by Datincorp for the primaries were in line with those of More Consulting (Chart 3). More interestingly, however, the poll showed support for Mrs. Machado in an open presidential election without a unified opposition at 16.9%. This would imply a statistical tie with President Nicolás Maduro, who trailed behind with a 1.1ppt difference. In a slightly more distant third place, Rausseo would get 11.9%. Machado, Maduro and Rausseo were the only candidates registering double-digit voting intentions.

Chart 1. Vote intentions in the primaries of the opposition (Cyber Data)

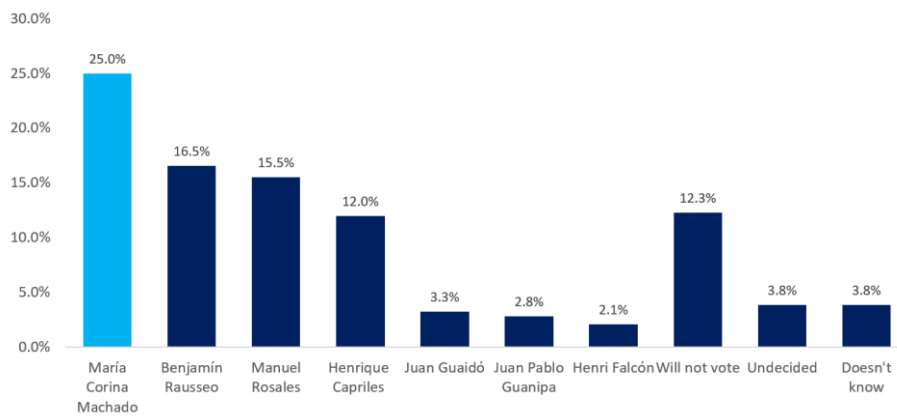


Sources: BancTrust & Co. based on Cyber Data.

Chart 2. Vote intentions in the primaries of the opposition (More Consulting)



Sources: BancTrust & Co. based on More Consulting.

Chart 3. Vote intentions in the primaries of the opposition (Datincorp)

Sources: BancTrust & Co. based on Datincorp.

In a similar vein, a poll by Delphos Institute published last November found that Machado was the most competitive candidate in a hypothetical election where the opposition submitted a unity candidate. Thus, Machado would attain a 22.7ppt lead, above that of Rosales' (22.3ppt) and Capriles' (11.1ppt). Conversely, Maduro would defeat Juan Guaidó by a 1.3ppt margin, underscoring the high level of rejection of the former interim president (see Venezuela Economics and Strategy Report: [Confrontation unexpectedly steps up](#), 6 December 2022).

Rosales, the potential kingmaker and Rausseo, the star of the moment. Notwithstanding reiterated support for Governor of Zulia State Manuel Rosales, we do not expect him to abandon his political niche just yet. However, as leader of the party *A New Time* (UNT, a G4-coalition member), and with a long political career that dates to 1979, Rosales could still play a key role in the primaries if he decides to endorse one of the candidates. It might be too soon to make a forecast but, as a moderate, it is hard to envision Governor Rosales backing a more radical figure like Machado. Contrasting with the extensive background of Rosales, comedian Benjamín Rausseo has arisen as an independent figure, who is leveraging in the fatigue and frustration with the opposition leadership. Despite a promising start, we would be surprised if Rausseo manages to remain as one of the top presidential hopefuls as the campaign intensifies.

Radicalisation risks are on the rise in tandem with Machado's odds of securing the opposition's nomination. In general, the winner of the opposition electoral process will have the potential to capitalise a high level of discontent with Chavismo. In the survey by Delphos from last November, 73.3% of participants indicated that a change of government was necessary (30.8%) or highly necessary (42.5%). In the most recent poll by More Consulting, 86.4% considered that a "political change" was necessary. Obviously, the winner will also face the daunting task of unifying opposition forces around one voice and one leadership. In this regard, Machado's possibilities will depend crucially in the degree of participation of opposition candidates in the primaries. A broad and inclusive electoral process has, evidently, the biggest potential to produce a unified and strong presidential candidate in 2024. It must be a process that elevates the political costs of not participating, especially for those soft opposition leaders whose divorce from the main parties has buttressed Chavismo's footing in the past. In this scenario, Machado's victory could set off the alarms of the Chavista elite, as she would be seen as a major threat to its survival. In fact, just the increasing likelihood, visible in opinion polls, of a unified opposition front closing ranks behind Machado poses the clear risk of radicalisation by the Chavista government, not only domestically, but also externally.

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