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FEATURED Q&A

Which Issues Will Decide Costa Rica's Presidential Runoff?



Conservative candidate Fabricio Alvarado Muñoz emerged as the top vote-getter in the first round of Costa Rica's presidential election on Sunday. // File Photo: Alvarado Muñoz Campaign.

Q Right-wing evangelical singer and lawmaker Fabricio Alvarado Muñoz of the National Restoration Party was the top vote-getter in the first round of Costa Rica's presidential election on Sunday and will face center-left former labor minister Carlos Alvarado Quesada of the Citizens' Action Party in the April 1 runoff. Alvarado Muñoz in recent weeks was polling in the single digits, but then surged ahead after vowing to oppose a ruling by the Inter-American Court of Human Rights requiring Costa Rica and other member countries to recognize same-sex marriage. Alvarado Quesada, who is not related, supports same-sex marriage. Will that issue continue to dominate the election ahead of the second round? Who has the edge to become the country's president? What has the election revealed about Costa Ricans' priorities and concerns?

A Pablo Duncan-Linch, founding partner and country director for Costa Rica at CLC Comunicación, an affiliate of Llorente & Cuenca: "Even though Costa Rica's economy faces important challenges related to the growing budget deficit and stagnant unemployment, the cultural issues that arose after the same-sex marriage ruling will still play an important role in the second round, polarizing the election. Because the two parties with the most votes each received less than 30 percent of the vote, agreements and coalitions before the second round might be the deal breaker. Both candidates have their weaknesses on economic affairs. In the case of Fabricio Alvarado, there are doubts about his eventual economic team, while Carlos Alvarado has been criticized for wanting to keep part of the current economic cabinet.

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The value of the bolívar fell by more than 80 percent on Monday as the central bank restarted currency auctions.

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Frontera Halts Operations at Colombian Oil Field

The company suspended operations at the Cubrio oil field due to attacks and threats against workers.

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U.S., Peru Vow to Continue Anti-Drug Cooperation

The two countries will continue efforts to fight drug trafficking, Peruvian Foreign Minister Cayetano Aljovín said alongside her visiting U.S. counterpart, Secretary of State Rex Tillerson.

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Aljovín // File Photo: Peruvian Government.

ECONOMIC NEWS

Venezuelan Central Bank Devalues Currency in Auction

The value of Venezuela's bolívar fell by more than 80 percent Monday as the country's central bank restarted currency auctions in order to ease hyperinflation and infuse the bank with more dollars, Bloomberg News reported. One U.S. dollar purchased 25,000 bolívares at the

One dollar fetches 225,000 bolívares on Venezuela's black market.

auction, a significant decrease in the value from six months ago, when the central bank sold 3,345 bolívares for one dollar. The rate that the central bank announced Monday is still stronger than bolívar's value of the on the black market, where individuals and businesses can get 225,000 bolívares for one dollar according to dolartoday.com. The currency sale is an attempt by the administration of President Nicolás Maduro to increase access to dollars in order to somewhat improve conditions amid an economic crisis that has been dogging Venezuela for years. The weakened exchange rate, or Dicom rate, is now the official rate for all official transactions, and allows the government to stretch its dollars further when paying for imports, and makes businesses' overseas purchases cheaper than before. The rate is also the rate used by foreign credit cards in Venezuela. The government has imposed strict currency controls since 2003, and a lack of dollars in the country has made it difficult in recent years for storeowners to afford to adequately stock store shelves, leading to widespread shortages of basic necessities, food and medicine, and causing the prices of basic goods to skyrocket.

POLITICAL NEWS

U.S., Peru Vow to Continue Anti-Drug Cooperation

The U.S. and Peruvian governments will keep working together to combat drug trafficking, Peruvian Foreign Minister Cayetana Aljovín told reporters Monday alongside U.S. Secretary of State Rex Tillerson, who is on a five-nation tour of Latin America, Reuters reported. The statement came just days after U.S. President Donald Trump threatened to restrict aid to countries that he said were "pouring drugs" into the United States and said he wanted to "stop the aid" after he was told by a U.S. Customs and Border Protection official that cocaine primarily from Peru and Colombia was being trafficked through Central America and Mexico, the wire service reported. Tillerson, however, was more conciliatory in his remarks. "The U.S. is victimized certainly by the flow of narcotics to the U.S., but the countries in which these narcotics are transited, or where organizations are carrying out their activities to move these drugs, they also suffer as well," said Tillerson. "The U.S. has to acknowledge that we are the market. We are the largest consumer of illicit drugs and so we have to begin to work on that problem." Tillerson said Trump had allocated \$1 billion toward solving the problem. Tillerson said the United States is also engaged in "clear dialogue" with Mexico, which was the first stop on his tour of Latin America. Today, Tillerson heads to Colombia, which received approximately \$10 billion in funding for military and social programs between 2000 and 2015 through Plan Colombia. Tillerson on Monday declined to confirm if Trump would attend the Summit of the Americas, which is scheduled to be held April 13-14 in Lima, the Associated Press reported. "There's been no final decision made," said Tillerson, adding that Trump's attendance would depend on his schedule, which is not typically known so far in advance. U.S. presidents have attended all seven previous summits since then-U.S. President Bill Clinton invited all of the Western Hemisphere's leaders,

NEWS BRIEFS

Guatemalan Authorities Arrest 28 in Crime Ring Investigation

Guatemalan authorities have arrested 28 people, including nine police officers, in a bust of an organized crime and drug trafficking network, the Associated Press reported Monday. Prosecutor Gerson Alegría said the network had been under investigation since last year. The ring would allegedly contact drug vendors and say they wanted to do business, and then would steal vendors' merchandise with support from the police belonging to the ring. The group also conducted illegal raids of homes in order to steal possessions.

Frontera Energy Halts Operations at Colombian Oil Field

Canada-based Frontera Energy said Monday that it had suspended operations at its Cubrio oil field in northeastern Colombia, following attacks and threats against its workers, Reuters reported. The company said the attacks were carried out by "a group that does not represent the municipalities' leaders or the community."

Honduran Mobile Carriers Required to Keep Prepaid Credit Valid for 90 Days

Honduran regulator Conatel has approved new rules that require mobile providers to make prepaid credit valid for a minimum of 90 days, among other measures, *Telecompaper* reported Tuesday, citing local news outlet *El Heraldo*. Conatel approved new mobile phone rules with the aim of enforcing the rights of users, especially in the prepay sector, saying prepaid users must receive services from providers that are of the same conditions and quality as those offered to postpay users. There are currently some eight million mobile telephone users in Honduras, with 92.3 percent of all subscribers using prepay plans.

except Cuba's Fidel Castro, to the first one in Miami in 1994.

BUSINESS NEWS

Brazil's Banco Bradesco Taps Lazari as CEO

Brazil's second-largest private bank, Banco Bradesco, named the head of its insurance unit as its new CEO, the Financial Times reported Monday. Next month, Octavio de Lazari, who has been with the bank since 1978, will replace Luiz Carlos Trabuco Cappi as the head of the lender. Cappi has served as CEO since 2009 and will continue to serve as chairman of the board. After Bradesco announced Lazari's appointment, the new chief executive said the bank had already seen improved demand for



Lazari // File Photo: Bradesco Seguros.

credit in the first month of this year, adding that credit growth will help keep profitability up at the lender, as Brazilian basic interest rates reach their lowest level ever, Reuters reported. Lazari's appointment came amid a broader management shakeup at Bradesco, with younger executives joining the bank's board and upper management. Three Bradesco executive vice presidents who had been in the running for the post were instead named to the bank's board on Monday: investor relations director Alexandre Gluher, retail head Josué Pancini and IT executive Mauricio Minas. Executive Vice President Domingos Figueiredo de Abreu, who oversees loans approval, was also named to the board.

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Given this situation, the candidate who becomes more open to the economic programs of other parties will have a better chance over the other. As the ruling party candidate, Carlos Alvarado is vulnerable to any unpopular government action or scandal over the next two months. The campaign before the second round will be long and wearing. In order to form political coalitions and win elections, the government's candidate must relax his positions on controversial issues such as the establishment of sex-education guides with a gender focus in primary schools. Sixty percent of Costa Ricans reject such progressive topics, according to recent surveys. The opposition candidate will probably continue with his conservative agenda, because the strategy has paid off. Both candidates will surely offer multi-party cabinets to their main political adversaries, especially the Christian Social Unity Party and the National Liberation Party. Success in these alliances will be crucial to determining the election."

A James Bosworth, founder of Hxagon, LLC and author of Bloggings by Boz: "Four weeks ago, both of these candidates were in the single digits of support, running fifth place or lower in the polls. A combination of social conservatism and nationalism, particularly by rural voters, propelled Fabricio Alvarado into first place in the polls following the IACHR's ruling on gay marriage. In contrast, Carlos Alvarado managed to rise to second place by taking a risky strategy of running on the agenda of President Solís. Even in an anti-incumbent environment, enough people supported Solís and his more liberal stances on social issues to give Carlos Alvarado the lead over the traditional PLN. Though the PRN will try to keep social issues in the spotlight, Fabricio cannot win on his opposition to gay marriage alone. The second round is likely to return to traditional issues, including the economy and corruption. Both candidates will need

to engage in creative political dealmaking to build coalitions with smaller parties that can bring them over the 50 percent mark. Only 65 percent of voters turned out in the first round. Given the indecisiveness of first-round voters, it's possible that even more voters will stay home in the second round, as happened in 2014. That would make political turnout machines much more important. Of note in this matchup, the PLN of former Presidents Oscar Arias and Laura Chinchilla came in third place in the presidential race, but will have a plurality of the legislative seats (17 out of 57) in the next Legislative Assembly. The PLN's national support and party machinery make it a potential kingmaker in the second round and a critical legislative ally or opponent of whichever candidate wins."

A Mitchell A. Seligson, Centennial Professor of Political Science at Vanderbilt University: "Have Costa Ricans made a sharp turn toward evangelicalism? Data from the LAPOP AmericasBarometer do not support this conclusion. While in 2010, 14.5 percent of voting-age Costa Ricans reported adherence to an evangelical religion, six years later, that figure had risen to only 19.8 percent. It was not primarily the growth of evangelicals that motivated Costa Ricans to vote for this pastor, but rather a strong and widespread opposition to the legalization of same-sex marriage, which was seen as being imposed on the country from outside. A vehement rejection by National Restoration Party candidate Fabricio Alvarado of the opinion by the Inter-American Court of Human Rights that Costa Rica would need to legalize same-sex marriage propelled his candidacy from obscurity to the largest vote-getter. When asked in the AmericasBarometer poll in 2016 if they would approve of same-sex couples having the right to marry, 43.6 percent of Costa Ricans strongly disapproved, compared to only 16.3 percent who strongly approved. It is unlikely that two

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months from now, when Costa Ricans place this explosive issue in the perspective of the many other challenges faced by the country (principally crime, corruption and the budget deficit), that Fabricio Alvarado will be elected president. A more likely outcome is that his rival, 38-year-old Carlos Alvarado Quesada, representing the incumbent party, will be elected. It is noteworthy that the so-called 'Trump-like' candidate, Juan Diego Castro of the PIN party, garnered only 9.5 percent of the votes. But, the continued fragmentation of the Costa Rican political scene, along with the fact that the legislative election failed to produce anywhere near a governing majority for any single party, will mean a difficult road to governance for whoever wins the runoff."

A **Bruce M. Wilson, professor of political science at the University of Central Florida:** "If Fabricio Alvarado has his way, the focus of the second-round campaign will remain on the Inter-American Court of Human Rights (IACHR) and make it an explicit referendum on same-sex marriage. His statements after his first-round victory suggest that that is exactly what he plans to do. Carlos Alvarado, on the other hand, needs to refocus the campaign to discuss his government plans. The plan of the National Restoration Party (PRN) is a relatively vague and short 64-page document compared to the detailed 188-page-long, policy-specific plan of the Citizens' Action Party (PAC). Under normal conditions, without the IACHR decision muddying the campaign waters, the PAC might have been in line to capture the presidency for a second straight term. The PAC is much more of a traditional Costa Rican-style political party, while the PRN is a religious, single-issue party. The extent to which the media holds both candidates to account and facilitates an informed debate on the future of the country will be of central importance in determining the relevance of the campaign to the lives of ordinary citizens. The election was a spectacular coming-out party

for the Costa Rican evangelical movement. Also, there is major geographic variation in voter preferences: the PRN won heavily in the coastal areas and is somewhat weaker in the heavily populated urban areas."

A **Rogelio Douglas, president of the Caribbean Sustainable Development Group in Limón, Costa Rica:** "Half of the Costa Rican population is celebrating, because, regardless of the results in the first round, we are quite happy to have participated in a stable democratic system in a peaceful, nonviolent and efficient process. Prior to midnight, with 55 percent of the votes counted, the losers were already delivering their concession speeches. Our outstanding democratic stability impresses the private sector and influences foreign investors. The disappointing news to many was the increased voter abstention. That said, the results also reflect a clear discontent with two long-established parties, neither of which are advancing to the April runoff. Fabricio Alvarado Muñoz was able to successfully galvanize a strong opposition, in a Catholic country, against a wave of gay rights that has been gaining strength. Even though the governing Citizens' Action Party is deeply embroiled in a huge corruption scandal, its candidate was able to win second place, contrary to popular expectation, which may reflect voters' strong interest in a transition to youthful ideas and no apparent connection to established wealth. Also, while the past four years did not produce stellar results, they were not as bad as they could have been. The next 60 days will give us the opportunity to probe the finalists' views and skills in addressing the national deficit, which is paramount. The next two months will also allow us to see their strategies for decentralizing the country's economy, so the poorer 25 percent of the population living on the coasts can contribute to the country's productivity and subsequently to the resources to develop their communities."

LATIN AMERICA ADVISOR

is published every business day by the Inter-American Dialogue, Copyright © 2018

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Latin America Advisor is published every business day, except for major U.S. holidays, by the Inter-American Dialogue at 1155 15th Street NW, Suite 800 Washington, DC 20005

www.thedialogue.org

ISSN 2163-7962

Subscription inquiries are welcomed at freetrial@thedialogue.org

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