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FEATURED Q&A

What Factors Will Decide Colombia's Presidential Runoff?



Iván Duque (pictured) was the top finisher in the first round of Colombia's presidential election on Sunday. He will face Gustavo Petro in next month's runoff. // File Photo: Duque Campaign.

Q Right-wing candidate Iván Duque, a former senator and opponent of Colombia's peace accord with the FARC rebels, and leftist former mayor of Bogotá Gustavo Petro were the top vote-getters in the first round of the country's presidential election on Sunday. The two candidates will face each other in a June 17 runoff. What factors will decide the election between now and then, and which of the two candidates is most likely to receive the votes of the third-place finisher, Sergio Fajardo? Will either Duque or Petro take the country in a radically different direction in terms of economic policy or the business environment? What will be the future of the country's peace deal with the FARC, and peace talks with the ELN rebels, under a Duque presidency versus under a Petro presidency?

A Fernando Cepeda Ulloa, professor of political science at Universidad de los Andes in Bogotá and a former Colombian interior minister: "The opposition won. Iván Duque is in opposition to the government, and Gustavo Petro is in opposition to the system. On June 17, voters will choose one of those two options. Although it seems that Duque has a significant advantage over Petro, the political dynamics of these three weeks can change expectations. Duque will have to work hard to consolidate his victory. There was also greater voter participation in a country with a high level of abstentionism. The issue of the peace accord, which Duque has criticized, is not an overriding issue. The issue of Venezuela, which every day is more present and oppressive for Colombia, also can become more acute, which would boost Duque. As for the two major traditional parties, the Conservative

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TODAY'S NEWS

POLITICAL

Duque, Petro to Face off in Colombia

Right-wing former Senator Iván Duque and leftist former Bogotá Mayor Gustavo Petro will face each other in the second round of Colombia's presidential election next month after no candidate received a majority in Sunday's first round.

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BUSINESS

Pan American Silver Cutting Back Operations at Mexico Mine

Employees have faced threats at the Canadian company's mine in northern Mexico.

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POLITICAL

Mottley Becomes First Female Prime Minister of Barbados

Mia Mottley was sworn in as the Caribbean nation's first female prime minister after her Barbados Labor Party swept every seat in the country's House of Assembly.

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Mottley // File Photo: Government of Barbados.

POLITICAL NEWS

Duque, Petro to Face Off in Colombia's Presidential Runoff

Right-wing former Senator Iván Duque and leftist Gustavo Petro, a former mayor of Bogotá, emerged Sunday as the top vote-getters in the first round of Colombia's presidential election and will face each other in a second round June 17. Duque won the largest share of the votes, 39.1 percent, while Petro finished second, garnering 25.1 percent, *El Tiempo* reported. A candidate would have had to win 50 percent in order to win the election in the

“We do not want to tear up agreements.”

— Iván Duque

first round. Centrist Sergio Fajardo, a former governor of Antioquia and former mayor of Medellín, narrowly missed winning a spot in the runoff, coming in third with 23.7 percent of the vote. It is unclear who Fajardo might endorse ahead of the runoff, but such an endorsement could prove valuable to Duque or Petro in the second round. The other presidential candidates in the race received percentages in the single digits, with center-right former Vice President Germán Vargas Lleras receiving 7.3 percent, and former Vice President Humberto de la Calle, who served as President Juan Manuel Santos' chief negotiator with the Revolutionary Armed Forces of Colombia, or FARC, receiving just 2.1 percent. The presidential vote was the first since Santos' government signed its peace accord with the FARC in November 2016. Under the peace deal, the FARC agreed to lay down their weapons, end their more than five-decade conflict against the government and pursue their objectives through politics rather than through violence. Santos won the 2016 Nobel Peace Prize for his efforts, but the peace deal has cost him politically with many Colombians viewing his government as

having been too soft on the FARC, which long terrorized Colombia with kidnappings, killings and involvement in drug trafficking. Duque has taken tough stances against the FARC and opposes the peace agreement. On Sunday night after the election results were announced, Duque addressed his opposition to the accord. “We do not want to tear up agreements,” he said, *CNN* reported. “What we want is to make clear that a peaceful Colombia is a Colombia that is where peace is found through justice, where there is truth, there are reparations, and punishments are served.” Former President Álvaro Uribe, a fierce opponent of the peace deal, has endorsed Duque. Santos has not endorsed a candidate.

Mottley Becomes First Female Prime Minister of Barbados

Mia Mottley was sworn in as the first female prime minister of Barbados on Friday after a sweeping victory by the opposition Barbados Labor Party (BLP), *Reuters* reported. Mottley's party overwhelmingly defeated Prime Minister Freundel Stuart's Democratic Labor Party (DLP), winning all 30 seats of the island's House of Assembly and marking BLP's first presidential win in a decade. DLP previously held a slight majority with 16 parliamentary seats. Mottley called for transparency and humility in her victory speech in Bridgetown on Friday, telling supporters that giving the people back their government and governance “must be our legacy to the people of Barbados,” according to *Reuters*. The economy was a major issue during the campaign, as the island continues to struggle to recover from a sharp contraction in 2009 after the global financial crisis, which put strains on the island's public debt, stressed foreign exchange reserves and brought recurrent downgrades on Barbados' credit rating, Caribbean Elections resulted. Stuart conceded defeated, asserting that “[DLP] governed in very challenging circumstances” that no other Barbadian government had ever faced, daily newspaper *The Barbados Advocate* reported.

NEWS BRIEFS

Paraguayan President Resigns to Take Seat in Senate

Paraguayan president Horacio Cartes resigned his post two months early on Monday, in an expected move that will allow him to be sworn in as senator in the incoming parliament, *The Washington Post* reported. Paraguay's constitution automatically gives presidents “senator for life” status in Congress, with a voice but no vote, but Cartes won a full Senate seat, with voting power, in April. Vice President Alicia Pucheta will assume his role before President-elect Mario Abdo Benítez is sworn in on Aug. 15. The Senate must approve Cartes' resignation for it to take effect.

Venezuela Releases Former U.S. Missionary

Former missionary Joshua Holt, who had been imprisoned in Venezuela for two years facing trial on espionage accusations, was released by President Nicolás Maduro on Saturday, *The Wall Street Journal* reported. Jorge Rodríguez, Venezuela's information minister, said he sees the move as part of a negotiation process with U.S. President Donald Trump. The release follows a series of new sanctions by the United States in response to Maduro's re-election. After being released, Holt was flown to Washington and met with Trump at the White House.

Pan American Silver Cutting Back Operations at Mexico Mine

Canada-based Pan American Silver on Monday said it is cutting back some operations at its mine in a remote part of Mexico's Chihuahua State over safety concerns, the *Associated Press* reported. The company's president, Michael Steinmann said there have been some security incidents involving workers on roads leading to the mine. Last weekend, some employees were threatened by armed groups.

ECONOMIC NEWS

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Truckers' Strike Enters Second Week in Brazil

A weeklong truck driver strike continued across Brazil on Monday, as union leaders refused to accept a sweetened offer from the unpopular government of Brazilian President Michel Temer, Folha de S.Paulo reported. On Sunday night, Temer offered to cut the price for diesel fuel more than the 10 percent offered last week, and extended the term from 30 to 60 days, as well as a promise to exempt trucks from paying certain axle toll rates. Dozens of flights have been canceled since the strike began due to a lack of fuel, and fresh food supplies in supermarkets have started to

Temer's latest proposals would cost \$2.6 billion this year.

disappear, as millions of chickens and pigs have been culled because of a lack of animal feed, The New York Times reported. Many schools and universities suspended classes on Monday. If accepted by union leaders, Temer's new measures would cost about \$2.6 billion through the end of the year, Finance Minister Eduardo Guardia said Monday at a news conference, although how the government would cover the entire cost remains unclear. "The loss of tax revenue will need to be compensated," he said, The Wall Street Journal reported. Shares of state-run oil company Petrobras, which supplies diesel fuel at rates set by the government despite a cost structure that is subject to market forces, plunged 15 percent on Monday, costing the company \$28 billion in market value since the strike began. "Petrobras cannot be encumbered with additional operational and budgetary difficulties that could damage the prestige that it has recovered over the past two years," Temer said Sunday night, Folha de S.Paulo reported.

Party didn't have a candidate and instead was divided between two candidates, Duque and Vargas Lleras; and the Liberal Party had the worst performance in its history, with Humberto de la Calle garnering less than 400,000 votes. The candidates who had claimed to have the most experience, Vargas Lleras and de la Calle, came in fourth and fifth, respectively. Meanwhile, the candidate who was accused of not having experience, Duque, was the top vote getter with nearly 40 percent. Spanish magazine Cambio 16 on its February cover proclaimed Duque the Latin American Emmanuel Macron. The electoral data show a new political map in which traditional forces and conventional power factors were destroyed. It is a sign of strong winds of change in Colombian society."

A Adam Isacson, senior associate for the regional security policy program at the Washington Office on Latin America: "Although centrist and left-of-center candidates combined for 51 percent in the first round, rightist Iván Duque is the overwhelming favorite for the second round. Duque needs to cobble together another 11 percentage points, which he can gain by adding the 7 percent who voted for Germán Vargas Lleras and just a small portion of the 24 percent who chose Sergio Fajardo. As his discourse is more moderate than that of his patron, ex-president Álvaro Uribe, he is likely to attract some of Fajardo's moderate, urban voters who are leery of Petro's populism. To avoid this outcome, Petro has three weeks to tone down radical rhetoric, refute concerns that he would repeat mistakes made in Venezuela, and recall the dangers of Uribe's right-populist party regaining power. Whoever wins, the next president will represent a political extreme with at best a slim majority in Congress. The result will be either gridlock or modest change. Should Duque win, though, he may force through some wrenching changes to the peace processes begun during the Santos years.

Duque proposes to 'revise' the transitional justice elements of the FARC accord, tightening penalties in a way that could cause thousands of ex-guerrillas to return to the jungle. Duque has been sharply critical of the ELN talks, and may end them. And since the FARC accord's small-farmer friendly rural chapter threatens the interests of Duque's large landholding backers, that part of the accord—which accounts for 85 percent of the cost of implementation—could go unfulfilled."

A Maria Velez de Berliner, president of Latin Intelligence Corporation: "The deciding factor will be how Sergio Fajardo's four and a half million voters split between Iván Duque and Gustavo Petro, and how many abstain because they can support neither Duque nor Petro on June 17. If elected, Duque will not be Uribe's puppet, even if Uribe expects that. Duque is his own man, with a clear idea that Colombia needs personal security and infrastructure security from criminal gangs; a legal system that works fairly and impartially for everyone; the freeing of private enterprise from onerous taxation and bureaucratic red tape; and, most important, legal punishment of criminals regardless of past or present political affiliations and social or ideological support. Despite all the votes in his favor, Petro's promises of nationalization of private assets, weaning Colombia from oil exports within his first two years as president, and his association with the late Hugo Chávez do not seem compatible with the conservative, right-leaning streaks that, in the end, prevail within Colombia's electorate, particularly when Colombia lives with the disastrous consequences of Chávez's policies in Venezuela. Given the current, progressive disintegration of the agreement with the FARC, Duque or Petro will need to confront modifications to, or elimination of, the Special Jurisdiction for Peace (JEP) and the issues involved in the extradition of

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former FARC found culpable of crimes after the signing of the peace accord on Nov. 24, 2016. Regarding the ELN negotiations, Duque will terminate them. Petro, a former M-19 guerrilla, may support negotiations, but he will not have the congressional majorities necessary to pass such agreement, should there be one."

A **Daniel E. Velandia O., director and chief economist for research at Credicorp Capital in Bogotá:** "We believe the right (that is, Iván Duque) will win the election, especially considering that more than 8.5 million votes will be needed to become president, an amount that the left seems unlikely to receive. Overall, in the runoff, we expect a trend similar to that seen in the primary elections on March 11, namely strong support for the right (and a strong opposition to the left), considering the concern of most of the population about having a Venezuela-style government. Likewise, recall that Petro has the highest rejection rate among candidates (44 percent), suggesting restricted upside potential. We consider that Fajardo is more of a centrist, so we expect his votes to be split between the two candidates. That said, even if we assume that Petro receives 70 percent of Fajardo's votes in the second round, Duque would still have the highest chance to win as most of Vargas Lleras' votes will shift to him. Duque's proposals would mean continuity of economic policy. For his part, several of Petro's proposals are questionable and populist, entailing risk to future growth. Of particular concern is the idea about calling for a referendum to convene a National Constituent Assembly in order to change the current rules of the game in matters such as health care, education, justice and politics. Accordingly, if Duque wins, we foresee upside risks to economic growth (particularly next year) in a scenario of higher confidence, lower political uncertainty and favorable oil prices. Conversely, a Petro victory would very likely

result in postponed investment decisions for a while."

A **Sergio Guzmán, analyst for global risk analysis at Control Risks in Bogotá:** "The election results were an upset for President Juan Manuel Santos whose peace and economic legacy were key issues for the two winning candidates. Santos will lose regardless of the outcome on June 17, as Duque has promised to roll back or restructure key provisions of the peace agreement, while Petro has made ambitious statements about the profound economic changes he wants to introduce should he win the presidency. Both Duque and Petro will look to moderate their positions to appeal to voters in the center, in particular those belonging to Fajardo who obtained 4.5 million votes and will become crucial to determine the next president. Control Risks believes that Duque will almost certainly win the runoff. Petro's very high negative approval rates, coupled with rhetoric on Venezuela are likely to dissuade centrist voters from his platform. A Duque victory will most likely result in an improvement in the business environment in the medium term, with a reform of the tax code, a return to attracting investments in the extractive sector, legislation on popular consultations, and a reduction of government spending. Duque is likely to make corruption a centerpiece of his administration. Duque's modifications to the peace agreement are likely to be contentious, but will not likely signal a return to war by members of the former Revolutionary Armed Forces of Colombia (FARC) guerrillas. Duque's policies on aerial drug eradication are likely to signal a short and medium-term worsening of the security environment in rural areas, however, it is likely that the overall security environment will be maintained under Duque."

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Erik Brand
Publisher
ebrand@thedialogue.org

Gene Kuleta
Editor
gene.kuleta@thedialogue.org

Anastasia Chacón González
Reporter
achacon@thedialogue.org



Michael Shifter, President

Genaro Arriagada, Nonresident Senior Fellow

Sergio Bitar, Nonresident Senior Fellow

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