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## FEATURED Q&A

# Why Are Electoral Reforms a Priority for Paraguay?



Conservative former senator Mario Abdo Benítez was elected Paraguay's president in April by a difference of four percentage points. // File Photo: Government of Paraguay.

**Q** Paraguay's government sat down with political parties and civil society organizations last month in the first of a series of scheduled meetings to discuss the possibility of an electoral reform before the 2020 municipal elections. Proposed measures include establishing an electronic voting system and stricter campaign finance rules, with the left-leaning Guasú Front suggesting a full structural overhaul that includes the replacement of the judges on the country's electoral court. Is an electoral reform urgent in Paraguay? What are the most important proposals, and what are the reasons behind them? How likely is it that the reform will take place before 2020?

**A** Sebastián Acha, former legislator and executive director of PRO desarrollo Paraguay: "Electoral reform in Paraguay is urgent. The electoral laws from the 1990s have effectively strengthened civic participation. However, they have three big weaknesses. The first weakness is the use of party lists that are 'closed and blocked,' especially for Senate elections, which consist of one single national list. It is referred to as a 'sheet' because it 'hides' candidates that are included among the first slots only because of their economic contributions during the campaign: the more money you contribute, the higher up your name will be on the list. Voters should be able to select candidates through plurinominal lists. The second weakness, somehow linked to the first one, is control over dirty money in campaigns. There is no control over the sources of such contributions and this has facilitated narco-traffickers' access to politics. One senator and one deputy have

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## TODAY'S NEWS

### ECONOMIC

## Venezuelan Migrant Costs Adding Up: Duque

Colombian President Iván Duque said on Friday that Venezuelan migrants fleeing economic hardship and political repression are costing his country about \$1.5 billion each year.

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## Women Lead Protests Against Bolsonaro

Tens of thousands of women took to the streets in cities across Brazil Saturday to protest against the front-runner in this coming Sunday's presidential election, Jair Bolsonaro, whose supporters also rallied over the weekend.

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### ECONOMIC

## Canada, Mexico, U.S. Reach Deal on New NAFTA

Facing a midnight deadline, Canadian negotiators, led by Foreign Minister Chrystia Freeland, agreed to sign on to a trade deal between the United States and Mexico.

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Freeland // File Photo: Government of Ukraine.

## ECONOMIC NEWS

## Canada, U.S. Reach Deal on NAFTA

Facing a self-imposed midnight deadline, Canada agreed late Sunday to sign on to a trade deal between the United States and Mexico, CNN reported. The agreement, which provides greater access for U.S. farmers to Canada's dairy market, overcomes the last remaining hurdles after more than a year of talks to revamp the three-country North American Free Trade Agreement. In a joint statement from United States Trade Representative Robert Lighthizer and Canadian Foreign Minister Chrystia Freeland, the countries re-branded NAFTA as the United States-Mexico-Canada Agreement, or USMCA. "USMCA will give our workers, farmers, ranchers and businesses a high-standard trade agreement that will result in freer markets, fairer trade and robust economic growth in our region," the statement said. The two also thanked Mexican Economy Secretary Ildefonso Guajardo by name "for his close collaboration over the past 13 months." The new agreement will require U.S. Congressional approval. Senate Finance Committee Chairman Orrin Hatch (R-Utah) said he is pleased Canada will remain in the new trade deal, The Hill reported. "NAFTA is a proven success for the United States, supporting more than two million American manufacturing jobs and boosting agricultural exports to Canada and Mexico by 350 percent," Hatch said. However, AFL-CIO President Richard Trumka said after reading the text that "too many details still need to be worked out before working people make a final judgment on a deal," according to the report. U.S. President Donald Trump threatened last week to push Canada out of the deal. In the end, the United States reportedly gained ground on its demands for intellectual property protections, environmental regulations and rules of origin terms for automakers. U.S. negotiators also reportedly managed to keep a version of its sunset clause, meaning the agreement will come up for review every six years. However, the contentious Chapter 19 dispute resolution system will remain the same.

## Venezuelan Migrants Costing Colombia Billions: Duque

Colombian President Iván Duque said on Friday that Venezuelan migrants fleeing economic hardship and political repression are costing his country about \$1.5 billion each year, a figure equivalent to 0.5 percent of its annual gross domestic product, Reuters reported. "The fiscal impact that the migration crisis has could be about 0.5 percent of GDP; obviously we want to look at how that's reflected in health, in education, in infrastructure, in lots of public assets," said Duque after a meeting with World Bank officials. Nearly a million Venezuelan immigrants are living in Colombia, Duque said. The World Bank is planning to release a report in the coming weeks assessing the fiscal and social consequences of the crisis on Colombia, according to the report. Speaking at the United Nations General Assembly in New York last Wednesday, Duque said Latin American countries needed the world's help to deal with the millions of Venezuelans who have fled the country since 2015, the Miami Herald reported. "The world must act and come together so that this tragic exodus comes to an end and so that hope can flower again [in Venezuela]," he said. Among the solutions he offered is the establishment of a multinational fund to support the countries that are absorbing the migrants.

## POLITICAL NEWS

## Women Lead Protests Against Bolsonaro

Tens of thousands of women and their supporters took to the streets in cities across Brazil Saturday to protest against the front-runner in this coming Sunday's presidential election, conservative congressman Jair Bolsonaro, the Associated Press reported. Peaceful marchers flooded avenues in major cities shouting the slogan, "Not him!" Coincidentally, Bolsonaro was discharged Saturday from a São Paulo

## NEWS BRIEFS

## U.N. Court to Issue Ruling on Bolivia-Chile Dispute

The U.N.'s International Court of Justice is scheduled to rule today on a longstanding dispute between Bolivia and Chile over access to the Pacific Ocean, Agence France-Presse reported. The judgment is binding and cannot be appealed. Bolivia, which lost large swaths of its territory in a 19th century war, has demanded ocean access from Chile for generations, but Chile holds that the matter was decided in a 1904 treaty. [Editor's note: See related [Q&A](#) in the April 2 issue of the Advisor.]

## China, Argentina Near Deal on \$9 Billion Currency Swap

Argentina's central bank said Sunday it has "nearly closed" a new currency swap deal with China that will add the equivalent of \$9 billion to the South American country's reserves, Reuters reported. The amount under negotiation is more than twice the \$4 billion figure reported by local media in August. Argentina's central bank has struggled to contain a more than 50 percent slide in the peso's value and inflation on track to rise 40 percent this year.

## IDB Plans to Collateralize Mortgage-Backed Bonds in Trinidad, Caribbean

The Inter-American Development Bank is in talks to collateralize mortgage-backed bonds in Trinidad and Tobago as part of a larger effort to attract investment in the Caribbean and Latin America more broadly, LatinFinance reported today. According to Fabio Fagundes with the bank's financial products and services division, the multilateral lender will observe the regulatory framework used in European nations such as Spain and Germany, which allows issuance of mortgage-backed bonds as a model. Currently, only Brazil's legal framework allows for covered bonds in the region.

hospital, where he had undergone surgery and treatment for an infection after being stabbed during a campaign rally last month. Bolsonaro's far-right candidacy has attracted international attention, and small protests were held against him Saturday in London, Lisbon, Berlin and Paris. Thousands of Bolsonaro supporters took to the streets Sunday in a counter-march. According to an XP Presidential Poll released last week, Fernando Haddad with the Workers' Party (PT) has continued on an upward trend, rising from 16 percent to 21 percent support, narrowing the gap to seven percent between him and Bolsonaro, who held steady at 28 percent of voter intentions. The second-round scenarios have become increasingly negative for Bolsonaro as well, according to the poll. He was polling three points ahead of Haddad, but last week the PT candidate stood four points ahead of Bolsonaro in a second round simulation, 43 percent to 39 percent. Both Bolsonaro's rejection rate, which has climbed to 60 percent, and Haddad's rejection rate rose in the most recent poll, highlighting the extreme polarization among voters in this year's election, according to XP. The most moderate candidate, Geraldo Alckmin, holds only eight percent support.

## BUSINESS NEWS

### Brazil Sees Strong Interest in Oil Blocs Ahead of Election

With a week to go before national elections, the government of President Michel Temer on Friday successfully auctioned four blocs in the pre-salt region offshore Brazil with signing bonuses totaling \$1.7 billion, The Wall Street Journal reported. Foreign oil companies including BP, Chevron, CNOOC, Ecopetrol, ExxonMobil and Shell were eager to bid because it remains unclear how the next government might handle investment in the pre-salt area, according to analysts. Bids were made by offering a percentage of profit oil, which is the proportion of gains, after costs, from the fields that will go to the government. Leftist candidates in the race have indicated they could walk back

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been dismissed and are currently in prison in connection to money laundering and drug trafficking. The third necessary reform lies in the composition of voting stations. Electronic ballots can help transparency in the electoral process, especially since the composition of voting stations is currently based on parliamentary majorities in Congress, which allows traditional parties to control most voting stations and manipulate electoral records in their favor. The government has not really acted clearly yet. President Abdo himself must sit down at the negotiating table, not simply send some of his ministers. Otherwise, the reform will not be viable."

**A Brian Turner, professor and chair of the Department of Political Science at Randolph-Macon College:** "Election reform is urgently needed due to the crisis in representation. The two factors in the electoral system that Paraguayans believe contribute the most to the crisis in representation are the use of closed-list ballots for legislative bodies and campaign finance. The closed-list ballot allows for the election of individuals implicated in corruption and other criminal activities who nevertheless have the capacity to purchase top spots on a major party's list. Public 'scratch' protests in recent weeks have forced several legislators to resign after having won re-election this past April. The proposed solution is the open-list ballot, which allows voters to vote for specific candidates. Party and faction leaders are opposed, as this system would

market-friendly policies enacted in recent years, Reuters reported. Fernando Haddad, who recent polls suggest would win in a hypothetical second round of voting, has vowed to "recover" the pre-salt to serve Brazilians instead of foreign oil companies, according to reports. However, executives at BP and Shell on Friday told Reuters they make long-term decisions when investing in oil projects, and that "volatile issues" and the day-to-day price of oil do not drive their decision-making. The auction

reduce their power. State subsidies to the parties and individuals finance campaigns. There are virtually no meaningful limits on or regulation of individual contributions. The Frente Guasú has proposed cutting the party subsidy in half and requiring free and equal access to media for campaign advertising in order to reduce the influence of money in elections. The trigger for the current high-level consideration of electoral reform was President Abdo Benítez's call for a constitutional convention, which would require the election of delegates. Opposition parties demanded that electoral reform be considered before any election to a constitutional convention. If the government is truly interested in holding a convention, the proponents of electoral reform have some leverage, since approval of a convention requires a two-thirds absolute majority in both houses, which the Colorados do not have."

**A Juan Francisco Facetti, professor and researcher at the Universidad Nacional de Asunción and consultant on governance:** "Paraguay's past April elections left a bitter taste of uncertainty after different political sectors brought up serious fraud allegations. The claims came in regard to an electoral system perceived as extremely vulnerable and perished, especially due to manual processes and weak control barriers that brought questionable results. As the new legislature began, rumors of a constitutional reform spread, but they were mitigated almost immediately, with sectors warning

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came a day after state oil company Petrobras agreed to an \$853 million settlement with U.S. and Brazilian authorities to end investigations tied to the massive Operation Car Wash bribery and kickbacks scheme. Petrobras was the sole bidder and winner of the Southwest of Tartaruga Verde block in the Campos Basin. [Editor's note: See Q&A on what's at stake for Brazil's energy sector as a result of the Oct. 7 presidential election in last week's issue of the Energy Advisor.]

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of the high risk of having elections before a real electoral reform took place, creating a consensus that major changes in the electoral system cannot wait any longer. In this context, both chambers in Congress have taken initiatives to work closely on a 90-day timeframe with projects related to electoral reforms that had been kept on hold in the past. The executive branch is also leading a conversation with representatives of major political parties. Among major proposals that have been brought up, there's the opening of electoral lists which are currently closed (promoted by Patria Querida Party since 2003), the use of electronic voting with printed ballots, biometric identification to enter voting premises, new rules for polling stations and strict controls for financing campaigns, among others. There's a common belief that these changes will improve candidates, make elections auditable, avoid fraud that currently takes place especially in polling stations and track money that finances campaigns. If the timeframe goes as expected, the first changes should start taking place by the end of this year, with Congress approving major reforms in the first half of next year."

**A** **R. Andrew Nickson, honorary reader in public management and Latin America studies at the University of Birmingham:** "Electoral reform is needed in Paraguay. There is still no law on electoral finance despite growing evidence of funding of campaigns by narcotics gangs, especially at local government elections. Widespread malpractice takes place in the weeks running up to the election day itself. The buying of votes remains common, especially in rural areas, and is increasingly funded by illicit sources. The supervision of vote-counting is weak, with voting booths staffed exclusively by political appointees from major parties rather than by independent citizens. Electronic voting was introduced some years ago but was later outlawed by Congress because it reduced

the opportunities for electoral malpractice at voting stations. After the April elections, the electoral commission, TSJE, immediately destroyed the ballot papers. The outgoing Colorado president, Horacio Cartes, had earlier vetoed a law that would have kept them for 30 days, suggesting that he did so because plans were already afoot to cheat on the counting. The image of the electoral commission has improved markedly now that the transmission and national counting of election results is very rapid. A wider issue concerns the endemic corruption by the three senior judges who head the TSJE. Historically, they have followed directions from the political leadership of the Colorado Party. In 2012, they ruled that President Cartes could stand as a normal senator in the 2013

“ It is unlikely that any significant reform will take place during the administration of Abdo Benítez...”

— R. Andrew Nickson

general elections even though the Constitution states unequivocally that ex-presidents are automatically 'life-long' senators with voice but without vote. Family ties are also important in Paraguay's elite-driven political system. Following protests of electoral fraud after the April election, the three electoral judges simply refused to show the electoral records, or 'actas.' It is unlikely that any significant reform will take place during the administration of Abdo Benítez, who is beholden to the conservative forces that have maintained the political hegemony of the Colorado Party for decades at any cost, including corrupt electoral practices."

*The Advisor welcomes comments on its Q&A section. Readers can write editor Gene Kuleta at [gkuleta@thedialogue.org](mailto:gkuleta@thedialogue.org).*

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