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## FEATURED Q&A

# Will Bolsonaro Bring Sweeping Change to Brazil?



Jair Bolsonaro, who has a history of making controversial and polarizing statements, was elected Brazil's president on Sunday. He is pictured in a Facebook Live video that was broadcast the day of the election. // Photo: Bolsonaro Campaign.

**Q Far-right candidate Jair Bolsonaro won Sunday's presidential election in Brazil, defeating Fernando Haddad of the leftist Workers' Party in a runoff with just over 55 percent of the vote, as compared to just less than 45 percent for Haddad. Bolsonaro takes office Jan. 1. What factors led to his victory? What are the top items on the agenda for his presidency, and can voters expect the kind of sweeping change the candidate has promised? To what extent will Bolsonaro's history of controversial statements, including about torture, women, blacks and gays, translate to policy? What will Bolsonaro's presidency mean for investment in Brazil, as well as the country's economy and businesses?**

**A Peter Hakim, member of the Advisor board and president emeritus of the Inter-American Dialogue:** "Sunday's election highlighted the bitter rifts in Brazilian society, reflecting regional, racial, religious and income differences. Nearly half of voters favored the Workers' Party (PT), evidence that Lula would have been returned to power if allowed to run. The majority of voters favored Bolsonaro, who wants Lula imprisoned and the PT quashed. Often called the tropical Trump, Bolsonaro and the U.S. president have similarly volatile and aggressive temperaments. They are both tough guys who split the world into 'us' and 'them' and are extremely belligerent toward the 'them' in order to incite and mobilize the 'us.' Order and hierarchy are values they share—along with an indifference to democracy, human rights and international cooperation. But Bolsonaro confronts more difficult terrain. When Trump took office, the United States was far healthier and

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## TODAY'S NEWS

### POLITICAL

## U.S. Sending 5,200 Troops to Southern Border

The troops include armed soldiers and are being sent as caravans of Central Americans are headed toward the United States. The troops will "harden the southern border," an Air Force general said.

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### BUSINESS

## Colombia's Ecopetrol Seeks Fracking License

The Colombian state oil company wants to explore for crude from unconventional deposits using hydraulic fracturing, also known as fracking.

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### ECONOMIC

## López Obrador Vows to Halt Construction of New Airport

Mexican President-elect Andrés Manuel López Obrador said he will abide by the results of last week's referendum and halt construction of the planned new airport for Mexico City.

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López Obrador // File Photo: López Obrador Campaign.

## ECONOMIC NEWS

## López Obrador Vows to Halt Mexico City Airport Project

Mexican President-elect Andrés Manuel López Obrador on Monday said he will halt the construction of a new airport that has been planned for Mexico City, El Universal reported. The announcement followed Mexicans' rejection of the project in a referendum. "The decision that citizens made about the new airport is rational, democratic and efficient," López Obrador told reporters. "The decision is to obey the mandate of the citizens." López Obrador, who takes office Dec. 1, has long criticized the \$13 billion project, which he has blasted as being marred by corruption, Agence France-Presse reported. Business leaders have said a new facility is needed in order to ease traffic at the capital's current airport. Instead of continuing with the new airport's construction, López Obrador said the current airport could be upgraded and that two runways could be built at the nearby Santa Lucía airbase.

## POLITICAL NEWS

## U.S. Sending 5,200 Troops to Southern Border

The United States is sending 5,200 troops to its southern border with Mexico, including armed soldiers, the Pentagon said, as caravans of roughly 4,000 Central American migrants continue to trek north across Mexico, El Universal reported today. The soldiers will be helping Customs and Border Protection "harden the southern border" by toughening security at and near legal entry points, according to Air Force General Terrence O'Shaughnessy, the Associated Press reported. Eight-hundred troops are already on the way, he added, with a total of 5,200 arriving by the end of the week, the

AP reported. The number is more than double the 2,000 troops who are deployed in Syria. The soldiers being sent to the U.S.-Mexico border will join the more than 2,000 National Guardsmen that U.S. President Donald Trump had already sent there. The announcement of the deployment comes as Trump and other



O'Shaughnessy // File Photo: U.S. Air Force.

Republicans have made the mass migration a campaign issue just ahead of the U.S. midterm congressional elections a week from today on Nov. 6. "This is an invasion of our Country and our Military is waiting for you!" Trump tweeted on Monday. In an interview on Fox News the same day, he said the United States would build "tent cities" for asylum seekers and denied his focus on the migrants had anything to do with the elections. [Editor's note: See related [Q&A](#) in Monday's issue of the Advisor.]

## BUSINESS NEWS

## Sale of Chile Business Unit Boosts Earnings at Spain's BBVA

The sale of a business unit in Chile boosted Spanish lender BBVA's earnings in the third quarter, with the bank reporting a 46 percent increase in net profit, the Financial Times reported. The sale helped to offset a loss that BBVA took related to its business in Argentina. BBVA reported 1.67 billion euros (\$1.9 billion) in net profit for the third quarter, an amount that was in line with analysts' expectations. For the first nine months of the year, BBVA's profit was 4.32 million, 25.3 percent higher than the same period a year ago, the bank said. BBVA

## NEWS BRIEFS

## Bolsonaro Intends to Tap Moro for Justice Minister or Supreme Court

Brazilian President-elect Jair Bolsonaro said Monday that he plans to tap the country's top anti-corruption judge, Sérgio Moro, as his justice minister or for a seat on the country's Supreme Court, Mercopress reported. Moro would be a person "of extreme importance in a government like ours," Bolsonaro, who was elected in Sunday's runoff election, said in a television interview. Moro has overseen the massive Car Wash corruption case.

## Venezuela's Socialists Reportedly Seeking Dialogue With Opposition

Venezuela's ruling Socialist Party has reportedly sought to re-establish a dialogue process with the opposition in recent weeks, according to four unnamed sources involved in the effort, Reuters reported Monday. A source from an opposition group told the wire service the government, with President Nicolás Maduro's support, had made the first move to seek dialogue. Venezuela's information ministry did not respond to a request for comment. Last weekend, three opposition parties issued a statement openly opposing any dialogue with the government.

## Assange Claims Ecuador Is Attempting to End His Asylum

Julian Assange on Monday claimed Ecuador is seeking to end his asylum at its London embassy, Reuters reported. The WikiLeaks founder sued the Ecuadorean government last week, alleging a new set of rules at the embassy violated his "fundamental rights and freedoms." Judge Karina Martínez on Monday rejected the lawsuit, saying the country's foreign ministry was in charge of determining his living conditions.

recorded a 633 million euro capital gain due to its sale of BBVA Chile and a charge of 190 million euros to adjust to Argentina's inflation. BBVA's chief executive officer, Carlos Torres Vila, said that while the bank experienced a "challenging" situation in Argentina as well as in Turkey, the "results we are presenting today reveal the strength of our business model and geographic diversification." In Turkey, BBVA said the "macroeconomic environment prompted an increase in impairment losses on financial assets and cost of risk." BBVA's latest earnings report was a "decent set of results," said analysts at Jefferies, who added that the bank saw a stronger-than-expected performance in Mexico, which helped to make up for weaknesses in other parts of the business.

## Colombia's Ecopetrol Seeks Environmental License for Fracking

Colombia's Ecopetrol has requested an environmental license to explore for crude oil from unconventional deposits using hydraulic fracturing, or fracking, technology, according to Felipe Bayón, the state oil company's chief executive, Reuters reported Monday. Although Colombia has never used fracking for oil exploration, President Iván Duque favors the technique, and Bayón said the pilot plan could triple Colombia's proven reserves. He added that supervision by local communities and environmentalists would ensure it upholds safety standards. Activist groups in the South American country have campaigned against the drilling practice for potential damages to the environment, including water contamination, but Bayón said fracking could be done "in a safe manner" and in a way that's "respectful to the environment," local radio Blu reported last week. Ecopetrol still needs approval from the Environment Ministry and the environmental licensing authority before moving forward with the project, which would cost between \$50 million and \$110 million, according to Héctor Manosalva, Ecopetrol's vice president of development and production, La República reported.

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more secure than Brazil today. The American economy had grown steadily for eight years, while Brazil has remained mired in an economic slump since 2014. Yes, many Americans are angry and distrustful of government, but President Obama left office with a 53 percent approval rating. The current Brazilian president, like his predecessor, will depart with single-digit approval. Americans may be skeptical of their leaders and institutions, but Brazilians hold theirs in contempt. Problems of public security and corruption affect both countries, but only Brazil's threaten the political order. Moreover, Trump quickly assumed control of the Republican party, with its majorities in the House and Senate, giving him a vital base of power. Bolsonaro starts with the second largest party in Congress, but it includes only 10 percent of legislators. He needs to assemble an ample party coalition to pass essential legislation. In short, Bolsonaro will confront a much more difficult agenda than Trump, with a much weaker power base. The biggest threat to Brazil and its democratic institutions is not Bolsonaro's extremist, hardline views—but rather the fact that he may lack the competence and authority needed to effectively confront the economic and governance crises battering Brazil."

**A** **Gilberto M.A. Rodrigues, professor of international relations at the Federal University of ABC in Brazil and member of Coordinadora Regional de Investigaciones Económicas y Sociales in Buenos Aires:** "Bolsonaro's victory has similarities to Donald Trump's election. It was the first time a presidential candidate and his supporters used a large and orchestrated strategy to produce and disseminate fake news massively against his opponent, using WhatsApp, a very popular app in Brazil. The fact that Steve Bannon helped Bolsonaro's campaign is very symbolic. The electoral court did little and was unable to face such a new challenge. Among the other factors

explaining the election's outcome was anti-Workers' Party sentiment, which produced a high rejection rate against Haddad. Another important factor is the faith many people have in Bolsonaro's capacity to combat organized crime and corruption. This

“Another important factor is the faith many people have in Bolsonaro's capacity to combat organized crime and corruption.”

— Gilberto M.A. Rodrigues

faith is based on the candidate's military image and his aggressive rhetoric, not to mention his frequent use of religious and messianic language. Yet there is no clear plan or strategy on how Bolsonaro will implement his security policy and many other policies. The promise of governability without engaging in the traditional tradeoffs with other parties, a practice linked to the political coalition system, is still a question mark that generates fears of an autocratic and even authoritarian rule. On human rights, Bolsonaro's very discriminatory rhetoric has already threatened minorities and vulnerable groups, and regressive policies are expected in the areas of civil and social rights. Investors' and the business sector's expectations for a more open economy, privatizations and orthodox fiscal policies could be frustrated due to Bolsonaro's nationalist, state-oriented, military soul."

**A** **Ana Heeren, managing director for strategic communications and Latin America head at FTI Consulting:** "Bolsonaro's win is a result of unprecedented hostility toward the status quo and the political establishment. Brazilians chose to look past Bolsonaro's controversial statements on social policies to voice their dissatisfaction with the pow-

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## FEATURED Q&amp;A / Continued from page 3

er-hungry political class and its widespread involvement in corruption scandals—brought to light recently by the Car Wash operation. Right off the gate, Bolsonaro will need to focus on the economy, as many of the other policy objectives can't be met without returning Brazil to growth and boosting employment. Early priorities will include lifting Brazil from the economic crisis, restoring fiscal stability and enacting pension reform. But in order to implement major legislative policy changes, Bolsonaro will need to join forces with other parties to form a governing coalition. For instance, to achieve pension reform, he will need a two-thirds majority in the Brazilian Congress, a difficult task in normal times, but particularly challenging in this polarized political environment. It is far from clear how he will achieve this. In terms of investment, the business community has given Bolsonaro its vote of confidence, which must now be met with real change. Uncertainty remains high with regard to the pace and scope of the reforms that will be needed to reduce the notorious cost of doing business in Brazil and bring investment back to the country."

**A** **David Fleischer, emeritus professor at the University of Brasília and editor of Brazil Focus:** "Bolsonaro won in 15 states and Haddad in 11. This vote was also the runoff for the election of 14 governors—13 had been elected on the first round. These elections were very fragmented with 13 parties electing at least one governor. Bolsonaro was not the first former army officer to be directly elected president by popular vote. In 1945, Gen. Eurico Gaspar Dutra was elected and served until 1951. He was a vigorous adherent to the 1946 Constitution and carried a copy with him at all times. Despite the knife attack that precluded Bolsonaro from participating in further street campaigning or television debates, he continued his very effective campaign via social media and gave

limited television interviews. He capitalized on two strong currents of public opinion in Brazil—first, anti-Lula and anti-Workers' Party sentiment; and second, the view that all Brazilian politicians are corrupt, and that voters

**“Bolsonaro's first task will be to win approval for the Social Security reform.”**

— David Fleischer

opposed re-electing anyone and sought out a new face untainted by corruption accusations. Bolsonaro's PSL was a very small party (with only one deputy), but Bolsonaro's coattails were very strong. Voters elected 52 PSL deputies, giving the party the second largest delegation in the Chamber of Deputies. PSL candidates also won three gubernatorial races and four Senate races. Bolsonaro's son, Flávio, was elected to the Senate from Rio. Another son, Eduardo, was elected federal deputy from São Paulo with 1.8 million votes. The international press has been very critical of Bolsonaro as a threat to democracy in Brazil because of his military background and campaign rhetoric. However, he has toned this down and vowed to work within the 1988 Constitution and respect Brazil's institutions, such as Congress, the judiciary, public prosecutors and the federal police, in addition to building a coalition with strong support in Congress. Bolsonaro's first task will be to win approval for the Social Security reform. This reform will be the signal that foreign and domestic investors are waiting for in order to begin large, new investments in Brazil."

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

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**Erik Brand**

Publisher  
[ebrand@thedialogue.org](mailto:ebrand@thedialogue.org)

**Gene Kuleta**

Editor  
[fkuleta@thedialogue.org](mailto:fkuleta@thedialogue.org)

**Anastasia Chacón González**

Reporter  
[achacon@thedialogue.org](mailto:achacon@thedialogue.org)



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Subscription inquiries are welcomed at [fretrial@thedialogue.org](mailto:fretrial@thedialogue.org)

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