

BOARD OF ADVISORS

Diego Arria

Director, Columbus Group

Devry Boughner Vorwerk

Corporate VP, Global Corporate Affairs
Cargill

Joyce Chang

Global Head of Research,
JPMorgan Chase & Co.

Marlene Fernández

Corporate Vice President for
Government Relations,
Arcos Dorados

Peter Hakim

President Emeritus,
Inter-American Dialogue

Donna Hrinak

President, Boeing Latin America

Jon Huenemann

Retired VP, U.S. & Int'l Affairs,
Philip Morris International

James R. Jones

Chairman,
Monarch Global Strategies

Craig A. Kelly

Director, Americas International
Gov't Relations, Exxon Mobil

John Maisto

Director, U.S. Education
Finance Group

Nicolás Mariscal

Chairman,
Grupo Marhnos

Thomas F. McLarty III

Chairman,
McLarty Associates

Carlos Paz-Soldan

Partner,
DTB Associates, LLP

Beatrice Rangel

Director,
AMLA Consulting LLC

Jaana Remes

Partner,
McKinsey Global Institute

Ernesto Revilla

Head of Latin American
Economics, Citi

Gustavo Roosen

Chairman of the Board,
Envases Venezolanos

Andrés Rozental

President, Rozental &
Asociados and Senior
Policy Advisor, Chatham House

Shelly Shetty

Head of Sovereign Ratings,
Latin America, Fitch

Roberto Sifon-Arevalo

Managing Director, Americas
Sovereign & Public Finance Ratings,
Standard & Poor's

FEATURED Q&A

How Has CFK's Move Altered Argentina's Race?



Former Argentine President Cristina Fernández de Kirchner recently announced that she would be running for vice president on a ticket headed by her former cabinet chief, Alberto Fernández. // File Photo: Facebook site of Cristina Fernández de Kirchner.

Q In a surprising turn, former Argentine President Cristina Fernández de Kirchner announced on May 18 that she will be running for vice president in the country's October election, with her former cabinet chief, Alberto Fernández, as the presidential candidate. She had been widely expected to challenge current President Mauricio Macri, who is seeking a second term, by running for president herself. How has the announcement altered the race? Which issues will Alberto Fernández prioritize during the campaign? Why is he leading the ticket instead of Cristina, and does she have a better chance at a comeback by betting on the vice presidency? How big of a role will the corruption trial against Cristina Fernández, which recently began, play in the elections?

A Graciela C. Römer, director of Graciela Römer & Asociados in Buenos Aires: "Cristina Kirchner (CFK)'s decision to name her former chief of staff as the head of the ticket has affected the game of alliances in the upcoming presidential race. It was a clever move that aims to broaden the base of support for the Kirchnerista sector of Peronism, with the main objective of unifying a fragmented Peronism, which was a manifestation of an identity crisis that was heightened by CFK's leadership during her term. The move would allow her to break her own electoral ceiling—rejection levels are at around 58-60 percent—to either win in the first round or win the runoff by drawing the support of independent sectors and, above all, provincial governors. Alberto Fernández is a skillful political operator with good access to the media, the business sector and to governors, and who, above all,

Continued on page 3

TODAY'S NEWS

POLITICAL

Talks Between Venezuelan Gov't, Opposition End

Face-to-face talks between the Venezuelan government and opposition ended in Oslo with no agreements other than to continue talks.

Page 2

BUSINESS

Cuba to Legalize Private Wi-Fi Networks

The new measures will also allow imports of equipment such as routers and are to take effect in July, the government said.

Page 3

POLITICAL

Colombian High Court Orders Release of Ex-FARC Leader

Colombia's Supreme Court said it must hear the case of Seuxis Hernández, also known as Jesús Santrich, because he is recognized as a member of Colombia's Congress. He was freed this month from prison before being immediately rearrested.

Page 2



Hernández // File Photo: Colombian Government.

POLITICAL NEWS

Talks End Between Venezuelan Gov't, Opposition

Talks between Venezuela's government and the opposition ended Wednesday in Norway without any agreement other than both sides saying they were open to future talks, the Financial Times reported. President Nicolás Maduro and opposition leader Juan Guaidó had sent envoys to Oslo to meet face-to-face. The talks were the first since Guaidó swore himself in as the country's acting president in January. The opposition argues that Guaidó, the leader of the National Assembly, is the country's legitimate interim president, saying Maduro's re-election last year was fraudulent. The United States and dozens of other countries recognize Guaidó as president, but Maduro maintains the support of Venezuela's military. "This meeting ended without agreement," Guaidó's team said after the talks ended Wednesday in Oslo. "We thank the government of Norway for its willingness to contribute to a solution to the chaos that our country is suffering." Maduro's government did not comment on the end of the talks. On Tuesday, the European Union's foreign policy chief Federica Mogherini, named former Inter-American Development Bank President Enrique Iglesias as its special advisor for Venezuela. Iglesias is an economist and a former Uruguayan foreign minister. In a rare move earlier this week, Venezuela's central bank said the Andean nation's economy contracted 19.2 percent in the first nine months of 2018 as compared to the same period a year earlier, The Wall Street Journal reported. The last time the country's central bank released economic statistics was for 2015. The central bank also said inflation was 130,060 percent in all of 2018. While that figure is the world's highest rate of inflation, it is far below estimates from private economists and the International Monetary Fund. The IMF said in April that Venezuela's inflation totaled 929,790 percent last year, and it said last October that it expected inflation to reach 10 million percent this year. The IMF also

said last month that the economy contracted 18 percent last year and would shrink another 25 percent this year. Some economists said that the central bank's release of the economic data was an acknowledgment that Maduro's government and that of his mentor and late predecessor, Hugo Chávez, decimated the country's economy. Maduro's government frequently blames the opposition and the United States, which has imposed multiple rounds of sanctions on Venezuelan officials and entities, for the country's economic devastation.

ECONOMIC NEWS

Nationwide Strike Shuts Businesses in Argentina

Argentine unions held a nationwide strike on Wednesday, causing banks to close, airlines to ground planes and a soccer final to be postponed as anger over the country's dire economic situation grows, The Wall Street Journal reported. CGT, Argentina's largest trade union, launched the one-day strike to protest President Mauricio Macri's economic management, as inflation hit 56 percent last month, among the highest rates in the

“Every day, people are worse off.”

— Hugo Moyano

world. The economy contracted 6.8 percent in March. "Every day, people are worse off ... It's a disaster what's happening," union leader Hugo Moyano told The Wall Street Journal. "If [Macri] doesn't understand that, then it's evident he doesn't have the capacity to govern our country." Public transportation was shut down across the country, and some public and private schools did not open as teachers participated in the strikes, but businesses in several cities remained open as usual, La Nación reported. Outside of Buenos Aires, ports that export grains were closed. The strike, the

NEWS BRIEFS

Colombian Supreme Court Orders Release of Former FARC Rebel Leader

Colombia's Supreme Court on Wednesday ordered the release of former FARC rebel leader Seuxis Hernández, also known as Jesús Santrich. Hernández, who is wanted in the United States on cocaine trafficking charges, was released earlier this month by a special tribunal before being immediately rearrested on what the attorney general's office said was new evidence. However, the Supreme Court ruled Wednesday that since Hernández is recognized as a member of the Colombian Congress, the Supreme Court must hear his case.

Twenty-One Killed in Crash of Bus, Tractor-Trailer in Mexico

A bus carrying Catholic pilgrims collided with a tractor-trailer in the Mexican state of Veracruz on Wednesday morning, killing 21 people and injuring 30, The New York Times reported. The bus, heading to Chiapas from Mexico City, crashed into the tractor-trailer, flipped over and burst into flames. There was some initial confusion over what caused the accident, but the Veracruz Secretariat for Civil Protection said Wednesday that the tractor-trailer's brakes allegedly failed. Authorities are still investigating the accident.

Measure to Weaken Amazon Environmental Laws Fails in Brazil

An attempt to weaken protection of the Amazon forest has failed in Brazil, Reuters reported Wednesday. Government whip Fernando Bezerra said that a temporary presidential decree that required congressional approval by Monday will not be voted on before then. The measure would have extended by a year the deadline for landowners to replant minimum forested areas on their properties.

fifth nationwide protest since Macri took office in 2015, will cost the economy approximately \$900 million, according to finance ministry estimates. Security Ministry Patricia Bullrich said the strike was politically motivated and an attempt to hurt the government ahead of the October presidential election. [Editor's note: See related [Q&A](#) in the Feb. 19 issue of the Advisor.]

BUSINESS NEWS

Cuban Government to Legalize Private Wi-Fi Networks

The Cuban government announced on Wednesday that it would legalize private Wi-Fi networks to access the Internet and connect computers, in another move toward expanding connectivity on the Communist island nation, Reuters reported. The new measures, which will also allow imports of equipment such as routers, will take effect on July 29. In an unprecedented move, the new rules would allow private businesses to offer Wi-Fi Internet legally to customers, and individuals would be able to legally go online using their own computers and phones and share signals with others, Deutsche Welle reported. However, state telecommunications company Etecsa will maintain a monopoly on commercial access to the Internet, with citizens able to connect to Etecsa's infrastructure via Wi-Fi by requesting a permit, state website Cubadebate said. The first state-owned Internet cafés opened in Cuba 2013, and Internet hotspots in public places were launched in 2015. Last year, the government introduced mobile Internet. Under President Miguel Díaz-Canel, who took office last year, the Cuban government has been taking steps to expand and improve the island's connectivity, but costs remain high, with a four-gigabyte data package costing the equivalent of an average monthly salary for Cuban workers, Deutsche Welle reported. [Editor's note: See related [Q&A](#) in the April 16 issue of the Advisor.]

FEATURED Q&A / Continued from page 1

has an image of historical affinity with the center-right. His appointment seeks, image-wise, to move toward the political center and thus weaken the growth of Federal Peronism and Consenso 19, a bloc composed of Peronist and anti-Kirchnerista leaders and a former minister in Néstor Kirchner's administration who has a good relationship with a segment of the radical faction. The shift to the center could also affect Macri, given the polarization surrounding CFK, as her negative image would have hurt her in an almost certain runoff. The Cambiemos coalition's challenges are: a divided Peronism; maintaining the Macri-CFK polarization; stabilizing the currency and inflation; and maintaining expectations that the change promised in 2015 requires a second term. It's difficult but not impossible."

A **Andrés Asiain, director of the Scalabrini Ortiz Center for Economic and Social Studies in Buenos Aires:** "Cristina Fernández de Kirchner's announcement to cede the presidential candidacy to Alberto Fernández shook up Argentine politics. There seems to be several reasons behind the decision: on one hand are personal issues linked to her private family life while in office; and on the other hand, disarticulation of the axis of Mauricio Macri's campaign, which is focused on confrontation with CFK. Another reason is to expand the spectrum of unity within Peronism—the new candidate has dialogue with various sectors. Another reason, no less important, is to build ties with parts of the large local business groups disenchanted with Macri but with misgivings about CFK. All these reasons are condensed in the trial against CFK for deviation of funds in public works during her administration. The trial not only threatened to move the campaign debate away from the economic and social crises that Argentina is experiencing and toward issues linked to corruption during the Kirchner administrations, but it also has become the cornerstone of an institutional

coup similar to that used in Brazil to topple Dilma and imprison Lula, or in Ecuador to persecute former President Correa. Corruption trials against popular leaders of several Latin American countries seem to constitute a new Condor Plan, promoted by Washington, to avoid their return to power—a plan that uses media communications, including social media, to spread fake news, intelligence and members of the judicial apparatus with the goal of shutting down politicians that are not to Washington's liking. The same scheme is extended to local business groups that compete with North American companies in several areas. The new electoral formula of Peronism is an attempt at an alliance to face such a plan in the political arena."

A **Charles H. Blake, professor of political science at James Madison University's School of Public & International Affairs:**

"President Mauricio Macri promised to reduce inflation—only to see prices rise, recession deepen and living standards decay. Despite this economic debacle, recent polls had shown Cristina Fernández de Kirchner in a virtual dead heat with Macri, were they both to reach a runoff. They lead the two largest voter blocs, but each has more virulent critics than firm supporters. Rather than see her Citizens Unity bloc lose to a vulnerable incumbent, the newly announced ticket tries to strike a delicate balance in which Alberto Fernández might appeal to centrist voters while Fernández de Kirchner's presence mobilizes her center-left base. The ticket's electoral impact will unfold in the months ahead, but the short-term impact has been positive for Fernández de Kirchner. She regained the political initiative right after a Peronist rival, Juan Schiaretti, handily defeated Macri's Let's Change coalition in Córdoba's provincial election. She also made her bloc's ticket less vulnerable to a scenario in which she eventually could be barred from running. Moving forward, two questions

Continued on page 4

FEATURED Q&A / Continued from page 3

loom large. First, will Macri cede his candidacy to Governor María Eugenia Vidal? Polls show Vidal in a tight re-election race as governor of Buenos Aires but with slightly more support than Macri were she to run for the presidency. Second, can the aspiring centrist presidential candidates—Juan Schiaretti, Sergio Massa and Roberto Lavagna, among others—unite to give one of them a chance to end up in a presidential runoff election against either the Let's Change candidate or the Fernández-Fernández ticket?"

A **Nicolás Saldías, researcher at the Argentina Project at the Wilson Center:** "Former President Cristina Fernández de Kirchner's decision to run as a vice presidential candidate and nominate her own presidential candidate, Alberto Fernández (AF), was unforeseen by analysts and up-ended expectations. It changed the equation for President Mauricio Macri's Cambiemos coalition and the centrist Peronists grouped in the Alternativa Federal. It increased jockeying between competing factions in the non-Kirchnerista coalitions (Radicales and Massismo, among others), and rumors of changing electoral formulas (Plan Vidal) have grown. This feverish reaction occurred even though no reliable polls emerged to determine if AF changed the public's perception of a CFK ticket. CFK's choosing AF (who was cabinet chief under President Néstor Kirchner and during the first year of CFK's presidency) is an effort to 'Néstorize' the damaged Kirchner brand. Argentines remember Néstor's term positively, a legacy Roberto Lavagna (Néstor's one-time economy minister) is also capitalizing on. The same cannot be said of CFK's time in office, defined by deep polarization and economic stagnation. After AF left CFK's cabinet, he became an outspoken critic of her government and supported anti-CFK candidates. AF claims this proves he'll be independent, but this is unlikely as he lacks a popular base, making him politically dependent on CFK.

AF's statements questioning the judiciary, common among those in the Kirchner camp, is a red flag for anti-corruption efforts and institutional integrity in Argentina. On the economy, AF is a pragmatist, but his pragmatism may cause tensions with the Kirchnerista base (La Cámpora and social movements) that will demand an end to austerity."

A **Paula Alonso, associate professor of history and international affairs at George Washington University:** "The launch of

Cristina's vice presidential candidacy was an unprecedented, surprising and smart move. She used social media to control a narrative of sacrifice for the common good, to confirm herself as the sole decision maker and to underline her power. Since the announcement that Alberto Fernández—a skillful negotiator lacking his own electoral support—will be the presidential candidate, there has been much speculation regarding whether, if elected, he would eventually step down and cede the presidency to Cristina, or pardon her or other members of her government for any acts of corruption. In a country where politics moves at lightning and dizzying pace, it is too early to gauge the impact of this move on the final outcome of the election. Many pieces still need to fall into place, including who will be Macri's vice presidential candidate and what will Sergio Mazza and the evasive Roberto Lavagna decide to do. The good news for Macri is that the Radical Party ratified its alliance with Cambiemos, although with increased demands. While politicians speed up their negotiations and boost their spending on polling different scenarios, no one is discussing policy. The fight is for the 40 percent of the still-undecided electorate, which is surely frustrated by a presidential campaign currently reduced to CFK's attacks on Macri's weak economic performance versus Cambiemos portraying itself as the saviors of the republic from populism and the guarantors of the end of impunity."

LATIN AMERICA ADVISOR

is published every business day by the Inter-American Dialogue, Copyright © 2019

Erik Brand

Publisher
ebrand@thedialogue.org

Gene Kuleta

Editor
gkuleta@thedialogue.org

Anastasia Chacón González

Reporter
achacon@thedialogue.org



Michael Shifter, President

Genaro Arriagada, Nonresident Senior Fellow

Sergio Bitar, Nonresident Senior Fellow

Joan Caivano, Director, Special Projects

Michael Camilleri, Director, Peter D. Bell Rule of Law Program

Kevin Casas-Zamora, Nonresident Senior Fellow

Ariel Fiszbein, Director, Education Program

Peter Hakim, President Emeritus

Claudio Loser, Senior Fellow

Nora Lustig, Nonresident Senior Fellow

Margaret Myers, Director, Asia and Latin America Program

Manuel Orozco, Director, Migration, Remittances & Development

Jeffrey Puryear, Senior Fellow

Tamar Solnik, Director, Finance & Administration

Lisa Viscidi, Director, Energy Program

Denisse Yanovich, Director of Development and External Relations

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 ebrand@thedialogue.org

The opinions expressed by the members of the Board of Advisors and by guest commentators do not necessarily represent those of the publisher. The analysis is the sole view of each commentator and does not necessarily represent the views of their respective employers or firms. The information in this report has been obtained from reliable sources, but neither its accuracy and completeness, nor the opinions based thereon, are guaranteed. If you have any questions relating to the contents of this publication, contact the editorial offices of the Inter-American Dialogue. Contents of this report may not be reproduced, stored in a retrieval system, or transmitted without prior written permission from the publisher.