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FEATURED Q&A

Will Bolivia's Next Election Lead to More Uncertainty?



Carlos Mesa Gisbert (pictured), who held the presidency for a year and a half before he resigned in 2005, is campaigning to unseat President Evo Morales, who is seeking a fourth consecutive term. // File Photo: via Twitter @carlosmesaag.

Q Bolivian President Evo Morales is running for his fourth consecutive term in the country's presidential election in October. Polls in July showed Morales as the front-runner with 37 percent support, followed by former President Carlos Mesa with 26 percent of the vote, according to a Ciesmori survey. How is the race shaping up, and do Mesa or other opposition candidates stand a chance against Morales? What are the most important factors driving voters' preferences this election cycle? To what extent could the election's results shake up Bolivia's business climate, or is continuity expected regardless of the outcome?

A Daniel E. Moreno, executive director of Ciudadanía, Comunidad de Estudios Sociales y Acción Pública, in Cochabamba, Bolivia: "For the first time in a decade and a half, the 2019 national election in Bolivia seems to be headed for a very close finish. No intention poll so far has suggested that the front-running presidential candidate will have a wide enough margin to avoid a runoff election, where he might lose against a single opposition candidate. But even if Morales does win in October with at least 40 percent and a gap of 10 points between him and the runner-up, it seems unlikely that MAS will have the same legislative control that they have enjoyed until now, forcing them for the first time to establish alliances within an estranged political system to guarantee governance. And with the economic bonanza over and a set of difficult adjustments in order, uncertainty looms large on the Bolivian political horizon. But the main challenge awaiting the next government comes from the low legitimacy of the electoral process.

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TODAY'S NEWS

POLITICAL

Brazil Rejects G7 Aid to Fight Fires in the Amazon

Aides to President Jair Bolsonaro criticized the offer from French President Emmanuel Macron, with whom Bolsonaro has been having a personal feud over social media, as a political gesture.

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POLITICAL

Nineteen States File Suit Over Trump Policy

The states are suing the administration of U.S. President Donald Trump over its plan to pull out of a court settlement that governs the care of migrant children in federal detention.

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ECONOMIC

Argentine Front-runner Meets IMF Team

Alberto Fernández, the front-runner in October's presidential election, criticized the \$57 billion standby agreement negotiated with the International Monetary Fund in a statement after the meeting.

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Fernández // File Photo: @alferdez via Twitter.

POLITICAL NEWS

Brazil Rejects G7 Offer of \$22 Million to Fight Amazon Fires

Brazil's government said Monday it will reject \$22 million in aid offered by G7 countries to help put out record fires in the Amazon rain forest, Folha de S.Paulo reported. Officials in the administration of President Jair Bolsonaro criticized the offer from French President Emmanuel Macron, with whom Bolsonaro has been having a personal feud over social media, as more of a political gesture than substantive assistance. Bolsonaro's chief of staff, Onyx Lorenzoni, told GloboNews, "Thanks, but maybe those resources are more relevant to reforest Europe." Foreign Minister Ernesto Araújo said the international media attention to the fires



Lorenzoni // File Photo: Government of Brazil.

was a "fabricated crisis" and that there are already mechanisms under the auspices of the United Nations climate convention to fight deforestation, BBC News reported. However, Brazil has accepted offers to fight the fires from other countries within the region as well as Israel. Deforestation of the Amazon is a perennial problem, as ranchers and farmers seek to clear more land for agriculture, but fires in the vast area are up more than 80 percent in 2019 as compared to last year. Bolsonaro, who has previously said funds aren't available to do more to protect the rain forest, has also accused industrialized nations of seeking to control and exploit the Amazon as a sort of modern "colonization." Bolsonaro's aides told Folha de S.Paulo that the United States actively worked to mute the efforts by France and

others at the G7 summit in Biarritz to make the group's response to the Amazon fires stronger. U.S. President Donald Trump did not attend a meeting at the summit where the issue was discussed. The G7 is comprised of the democracies in the world with the largest economies: the United States, Japan, Germany, France, Italy, Britain and Canada.

Nineteen States File Suit Over Trump Immigration Policy

Nineteen states and the District of Columbia are suing the administration of U.S. President Donald Trump over its plan to pull out of a court settlement that governs the care of migrant children in federal detention, the Associated Press reported Monday. Known as the Flores settlement, the 1997 case says migrant children should be detained in the least restrictive setting possible and only for about 20 days. Last week the Trump administration announced it will instead detain children with their families indefinitely. "This new Trump rule callously puts at risk the safety and well-being of children," said California Attorney General Xavier Becerra, a Democrat and former U.S. congressman, in a statement. The states argue that the government is already failing to provide detained children with safe and sanitary conditions. "With this rule, the Trump Administration is paving the way for [Immigration and Customs Enforcement] to imprison innocent children for indefinite periods of time and is attempting to take away the ability of states to stop them," said Massachusetts Attorney General Maura Healey. Kristjen Nielsen, Trump's former secretary of homeland security, has called the 20-day parameter a "legal loophole" that has allowed undocumented immigrants to remain in the United States illegally, Foreign Policy reported. The Trump administration recently eliminated a protection that lets immigrants remain in the country and avoid deportation while they or their relatives receive life-saving medical treatments or endure other hardships, immigration officials said in letters issued to families this month, the AP reported.

NEWS BRIEFS

Ivanka Trump to Travel to South America in Sept.

The U.S. State Department announced Monday that Ivanka Trump, the daughter of U.S. President Donald Trump who serves as a special advisor to her father, will travel to three countries of South America next month to advocate for women's economic and political integration and empowerment. Traveling with Deputy Secretary of State John J. Sullivan, the tour will cover Colombia, Argentina and Paraguay from Sept. 3-6. Sullivan will also hold meetings on counternarcotics and citizen security, the crisis in Venezuela and expanding economic opportunity, the statement said.

NEC to Use Blockchain for Digital IDs in Argentina

Japan's NEC Corp. said Wednesday it has joined an effort to use blockchain to create digital identifications for all the residents of Buenos Aires in a bid to combat poverty. In a statement, NEC said the digital identity will allow unbanked individuals to access financial services, such as storing digital money, making payments and receiving remittances while building a transaction history. NEC's partners in the project are the Civil Association DECODES (NGO Bitcoin Argentina) and the Inter-American Development Bank.

Caribbean Braces for Potential Hurricane

Islands in the Caribbean today are preparing as Tropical Storm Dorian is forecast to pass across the Windward Islands and into the eastern Caribbean Sea, heading toward Puerto Rico, USA Today reported. Storm warnings were in effect for Martinique, St. Lucia and St. Vincent and the Grenadines, the National Hurricane Center said. Puerto Rico and the Dominican Republic's east coast from Isla Saona to Samana are under hurricane watch. The storm has knocked out power in parts of Barbados.

ECONOMIC NEWS

Argentine Opposition Front-runner Meets Team From IMF

A team from the International Monetary Fund met on Monday with opposition candidate Alberto Fernández, the front-runner in Argentina's October presidential election, and other members of his campaign, Reuters reported. The center-left Fernández, who has criticized a \$57 billion standby agreement negotiated with the IMF by the government of conservative President Mauricio Macri, said in a statement after the meeting that the IMF's policies were linked to the country's dire economic condition. "Those who have generated this crisis, the

Fernández said the IMF has the responsibility to reverse Argentina's economic crisis.

government and the IMF, have the responsibility of ending and reversing the catastrophe that today is going through a growing portion of Argentine society," the statement said, La Nación reported. The meeting, reportedly initiated by the IMF, was "cordial" and "productive," a statement from the IMF said, but the tone of Fernández's statement suggests he will be taking a hard stance, at least in the campaign leading up to the October elections, against the lender. "Since the conclusion of the [IMF] agreement everything got worse: the economy fell 1.7 percent, public debt rose 29 percentage points of GDP, unemployment increased to 10.1 percent, poverty grew to more than 32 percent and inflation soared to 53.9 percent," the statement said. Fernández, whose running mate is former President Cristina Fernández de Kirchner, in the meeting also expressed concern over capital flight. Last Saturday, IMF officials met with Finance Minister Hernán Lacunza, who Macri appointed last week, and central bank President Guido Sandleris.

BUSINESS NEWS

Brazil Oil Regulator Approves Companies For Next Bid Round

BP, Chevron and China's CNOOC are among the 12 companies that Brazilian oil regulator ANP has approved for bidding in an exploration rights auction in the South American country,

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Ignoring the results of the February 2016 referendum that rejected a constitutional amendment that would have legally allowed Morales and García to run again for office has taken a large toll on the credibility of democratic institutions. The electoral institution faces historically low levels of public trust, and most Bolivians have doubts over the transparency and fairness of these elections. Whoever wins the race, particularly if it is Morales, will have to govern with the stigma of a questioned election and will need to devote efforts to ensure that both citizens within the country and the international community believe that they have the right to be there."

A Roberto Laserna, director of the Center for the Study of Economic and Social Reality: "A fourth consecutive term was and is banned by the Bolivian Constitution. In 2006 Morales swore to respect a law that allowed re-election only after one term out of office. He managed to change that so that he could be re-elected once, promising to step down after that. Running for the fourth time not only goes against his word and the law, but also fails citizens, who voted against re-election in a 2016 referendum. Why is Morales doing this? Because he has the power and wants to keep it. Since 2006, he managed to concentrate power while weakening institutions, giving top priority to his

own permanence. With a 14-year campaign, having unrestricted access to public funds, it cannot be a surprise to see him leading the race. Carlos Mesa, on his part, has done little to counter that. He failed to unify the opposition leaders and has been unable to expand his electoral base. Despite being a populist 'caudillo' himself, he is reluctant

ANP said Monday, Reuters reported. Other firms that were also cleared include Brazilian state oil company Petrobras, ExxonMobil, Colombian state-owned oil firm Ecopetrol, Norway's Equinor and Royal Dutch Shell, as well as Spain's Repsol and France's Total. The auction, which offers production-sharing contracts for eight blocks in the Santos and Camos pre-salt basins, is to be held in October, Energía16 reported. [Editor's Note: See Q&A on Brazil's energy sector in the July 5 issue of the weekly Energy Advisor.]

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“Mesa distrusts parties but lacks organizational skills to replace them.”

— Roberto Laserna

to play politics. Mesa distrusts parties but lacks organizational skills to replace them. He jumped to the race after months denying that intention. Now his campaign is based on the promise to restore the rule of law while keeping the positive aspects of Morales' legacy. If Morales were out of the race, Mesa would certainly be the next president. But if continuity is fine, as Mesa suggests, why would voters turn against Evo? Moreover, it will not be 'business as usual' in the coming years. The export bonanza is fading, and the country is running high fiscal and trade deficits. Bolivians are about to discover that abundance played again its trick: supplying illusions while dismantling local productive capacities. It's the rentier trap."

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A **Kathryn Ledebur, director of the Andean Information Network in Cochabamba:** “August results indicate a growing gap between Morales and Mesa. Morales shows a three-point advantage even in urban areas, assumed to be the strongest sector of opposition support. Third-place candidate Ortiz dominates in Santa Cruz. Polling consistently underestimates support for Morales in rural areas. Without a clear electoral platform, consolidated party or achievements during his short presidential term, it is unlikely that Mesa can defeat Morales, who now could win in the first round. In spite of frustrations with Morales and his longevity in office, voters tend to opt for an established track record, concrete programs, a clear

“**The state is the largest employer in the nation, and these workers will vote for continued employment.**”

— Kathryn Ledebur

status quo, stability and a strong economy, over term limits or change with uncertain outcomes. The state is the largest employer in the nation, and these workers will vote for continued employment. During the past 12 years, the Bolivian opposition has been unable to build a credible party with platform and electoral strategies; their constant rebranding and persisting divisions shows. Nor have opposition groups been able to achieve legitimacy with farmers, workers or low-income urban residents. Platforms and proposals, as well as slates of candidates, reinforce this omission, and further complicate electability. Although indigenous and other groups often present divisions and mixed evaluations of the Morales administration's ability to meet their demands, no competing candidate has provided any

concrete offer to surpass the incumbent's compliance or significantly address their concerns. In spite of an electoral slump, Bolivia's current economic growth, the strongest in Latin America, suggests continuity with a Morales victory.”

A **Raúl Peñaranda, Bolivian journalist and director of news platform Brújula Digital:** “Recent polls in Bolivia show President Evo Morales has a nearly 10-point lead with the runner-up, Carlos Mesa, ahead of the Oct. 20 election. Morales, whose candidacy is illegal because it violates the Constitution and the 2016 referendum, has lower support as compared to previous elections in which he participated, which could prompt a second round. Morales has nearly 14 years as president, and he hopes to complete 19 years in power. In Bolivia, to be president a candidate must obtain 51 percent of the votes, or 40 percent and a 10-point difference with the second-place candidate. Some polls indicate Morales could win in the first round, but others show support for Mesa could force a runoff, in which Mesa would seem to have higher chances of winning. Thus the electoral scenario is very uncertain, with officialism attempting to convince Bolivians that the economic growth and political stability experienced during the last decade would be lost if Mesa wins—as it happened when he briefly governed from 2003 to 2005, when he ended up resigning. Such fears are not unfounded, and we can't discard that an eventual Mesa administration would be affected by social pressure and an economic crisis, which some analysts say are inevitable in coming years. Even if Morales achieves re-election, his term doesn't seem promising, either, since he would have a very small majority in both chambers, and he could even lose control in the Senate. Morales would begin his fourth term with the wear and tear of a too-long administration, in addition to the illegitimacy of the election and economic challenges.”

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Erik Brand
Publisher
ebrand@thedialogue.org

Gene Kuleta
Editor
gkuleta@thedialogue.org

Anastasia Chacón González
Reporter
achacon@thedialogue.org

 THE DIALOGUE

Michael Shifter, President

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