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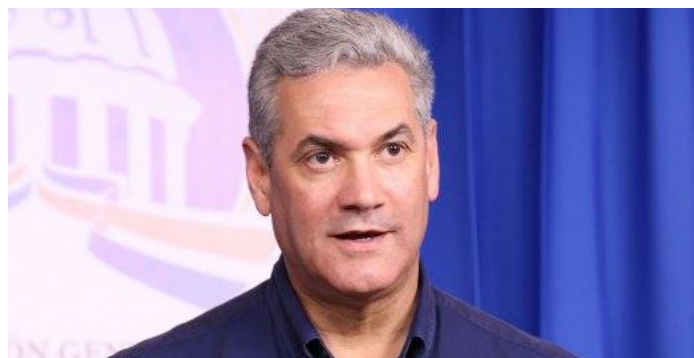
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## FEATURED Q&A

# Who Has the Edge in the DR Presidential Race?



Gonzalo Castillo of the ruling Liberation Party edged out former President Leonel Fernández for the party's presidential nomination earlier this month. // File Photo: Facebook site of Gonzalo Castillo.

**Q** The Dominican Republic's ruling Liberation Party this month held its primary vote, with businessman Gonzalo Castillo as the party's chosen candidate for February's presidential election. Castillo edged out former President Leonel Fernández, who initially contested the results. What can Dominicans expect from Castillo, and who are the other important presidential candidates to watch as the race picks up in the coming months? Which factors are likely to be the most decisive for voters? How well has current President Danilo Medina led the country, and what challenges will his successor face?

**A** Miguel Collado Di Franco, director of research and senior economist at CREES in Santo Domingo: "Castillo will have to run against Luis Abinader, a businessman turned politician with more political experience, who was the runner-up to President Medina in 2016. In recent days, it has become a possibility that Leonel Fernández may become a presidential candidate for a party or a group of parties different from the PLD, of which he was president until last week. Castillo will have the backing of President Medina and the government's budget; however, he will have to address important issues Medina could not resolve in his two consecutive terms. Castillo will have to deal with important factors such as corruption, lack of electricity, crime and insecurity, and a mounting public debt. All these issues are important to the electorate, according to the latest Gallup poll. In particular, the elected candidate in 2020 will have to deal with a growing structural fiscal

Continued on page 2

## TODAY'S NEWS

### POLITICAL

## Morales Declared First-Round Winner in Bolivia

Bolivian electoral authorities announced that President Evo Morales had won a fourth consecutive term. The country has been wracked with protests as opponents allege fraud.

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### BUSINESS

## U.S. Temporarily Shields Citgo From Seizure

The administration of U.S. President Donald Trump barred bondholders from seizing the refiner for 90 days, giving a lifeline to Venezuela's opposition.

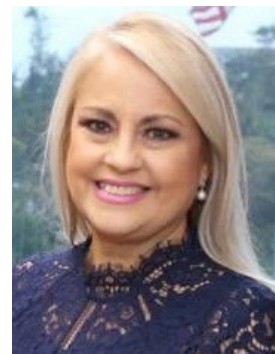
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### ECONOMIC

## Puerto Rico Eyes \$20 Billion Plan to Update Power Grid

The U.S. territory's power infrastructure was severely damaged two years ago when Hurricane Maria hit the island. Governor Wanda Vázquez has said she strongly opposes hiking electricity rates to pay for the modernization plan.

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Vázquez // File Photo: Commonwealth of Puerto Rico.

## POLITICAL NEWS

## Morales Declared Winner in Bolivia, One Region to Revote

Bolivia's Supreme Electoral Tribunal on Thursday declared President Evo Morales the winner of the country's disputed presidential election on Sunday, saying he garnered just barely enough votes in the first round to win the election outright and avoid a runoff, Agence France-Presse reported. However, election officials also ordered a partial revote in five areas of the Beni region because of irregularities in Sunday's balloting, the Associated Press reported. The revote, to be held Nov. 3, would not change the outcome of the election, electoral authorities said. With 99.99 percent of the ballots counted, Morales won the election with 47.1 percent of the vote, as compared to his opponent, former President Carlos Mesa, who garnered 36.5 percent, the electoral tribunal said, AFP reported. Those totals put Morales just above the 10-percentage-point threshold needed to win the election outright without it going to a second round. Partial results released earlier this week sparked violent protests and accusations of fraud as an early vote tally on Sunday showed the contest going to a runoff. However, updated results on Monday showed Morales' support widening enough for him to win the election in the first

round. The Organization of American States has voiced concerns about the vote count, and the European Union on Thursday said it shared an assessment from the OAS "that the best option would be to hold a second round to restore trust and ensure the full respect of the democratic choice of the Bolivian people." The electoral tribunal has been strongly criticized over the process of counting votes, including by its own vice president, who resigned over the controversy. Mesa has accused Morales' Movement for Socialism, or MAS, party of "electoral fraud" and said Wednesday that he would not recognize the results. During a rally in La Paz on Thursday, Mesa called for a runoff and urged his supporters to continue protesting. [Editor's note: See related [Q&A](#) in Wednesday's issue of the Advisor.]

## ECONOMIC NEWS

## Puerto Rico Unveils \$20 Billion Plan to Update Power Grid

Puerto Rico on Thursday announced the details of a \$20 billion plan to strengthen and modernize the U.S. territory's power grid, which was hard hit by Hurricane Maria more than two years ago, CBS News reported. The 10-year project would bury power lines, increase the use of natural gas and create a transmission

## NEWS BRIEFS

## Brazil's Bolsonaro to Begin Middle East Visit

Brazilian President Jair Bolsonaro is set to arrive in Abu Dhabi on Saturday for a tour of three Gulf states, with the goal of settling a diplomatic spat last year over a proposal to move Brazil's embassy in Israel to Jerusalem, Reuters reported. The plan, a reversal from Brazil's traditional support for a two-state solution to the Palestine-Israel conflict, threatened to halt \$5 billion a year worth of halal meat exports to the South American nation. Bolsonaro is scheduled to visit the United Arab Emirates, Qatar and Saudi Arabia.

## Russia Considers Sending Economic Advisors to Venezuela

Russia is eyeing sending a permanent delegation of economic advisors to Venezuela with the aim of helping President Nicolás Maduro's government solve its issues with foreign creditors, Russian Deputy Finance Minister Sergei Storchak said Thursday, Reuters reported. He said Maduro had asked for continuous cooperation with Russian economists who had previously visited Venezuela, adding that a team of experts could go to Caracas permanently to help with microeconomic as well as macroeconomic problems, according to the report.

## Cemex Latam Posts Net Loss of \$4 Million for Third Quarter

Cement company Cemex Latam, a subsidiary of Mexico's Cemex, posted a net loss of \$4 million in the third quarter, as compared to profits of \$19 million in the same period a year ago, the firm said Thursday, Reuters reported. Lower sales and increased costs led to the loss, Cemex Latam said, adding that it had registered a 12 percent drop in sales between July and September, equivalent to \$245 million.

## FEATURED Q&amp;A / Continued from page 1

deficit that is impossible to ignore. Structural reforms are urgently needed in the Dominican Republic, and among them is the solution to the fiscal issues via fiscal rules and a reform to a complex and onerous tax system that fosters evasion and elusion. If elected, will Castillo carry out the reforms Medina did not implement in eight years? And, more importantly, will he put a stop to corruption and impunity by confronting members of his own party? These key questions will linger during the 2020 presidential race."

**A**

**Ernesto Sagás, professor in the Department of Ethnic Studies at Colorado State University:**

"President Danilo Medina, unable to seek re-election for a third term, designated Minister Gonzalo Castillo as his political dauphin. Castillo won the presidential nomination of the ruling Partido de la Liberación Dominicana (PLD) by a tight margin against former President Leonel Fernández in an election marred by irregularities and vote peddling. Businessman

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and distribution system to withstand winds of at least 160 miles an hour, instead of 145 miles an hour currently. Puerto Ricans are bracing themselves for an imminent rate hike, as the island's economy remains in a recession, according to the report. "I know there's great concern," said Puerto Rico Governor Wanda Vázquez, CBS News reported. "Given the condition [the power grid is] in, we cannot renovate it in two or three years," she added. Vázquez has also said she is "strongly" opposed to a hike in electricity rates and has asked power regulators to look for other sources of income, Bloomberg News reported. Federal funds are expected to cover at least \$13 billion of the overall cost. At least 60 percent of the estimated \$20 billion will be earmarked to transmission and distribution repairs, officials said. Blackouts have been common since Hurricane Maria hit the island in September 2017, Bloomberg News reported.

#### BUSINESS NEWS

## U.S. Temporarily Shields Citgo From Seizure by Creditors

The administration of U.S. President Donald Trump has given Venezuela's opposition a lifeline to retain control of Citgo, the South American nation's most crucial foreign asset, the Financial Times reported Thursday. According to the U.S. Treasury Department's new sanctions guidelines on transactions related to Venezuela, which were published Thursday, U.S. bondholders are barred for 90 days from collecting on collateral tied to a bond that Venezuelan state oil company PDVSA issued and which is set to mature in 2020. The bond is backed by 50.1 percent of Citgo equity, PDVSA's U.S.-based refinery. The announcement came just days before a \$913 billion payment on the 2020 PDVSA bond is due. Venezuelan opposition leader Juan Guaidó and his allies, who gained effective control of Citgo earlier this year with the U.S. administration's help, have been fighting to avoid the refiner's seizure. [Editor's note: See related [Q&A](#) in Tuesday's Advisor.]

## Save the Date

# Nov. 14

## 5G and the Evolution of Smart Cities in Latin America and the Caribbean

### FEATURED SPEAKER

**The Hon. Ernesto Muyschondt**  
Mayor of San Salvador,  
El Salvador

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## FEATURED Q&amp;A / Continued from page 2

Luis Abinader easily won the presidential nomination of the Partido Revolucionario Moderno (PRM), the country's top opposition party. But while Abinader received 283,393 votes in the primary, Castillo received 911,324, and Fernández received 884,630—a significant difference that Abinader will have to overcome. Corruption, crime and the economy remain the main topics for Dominican voters; and while Abinader can run on a platform of change, Castillo has the backing of President Medina (and with it, ample state resources). The wild card is now Leonel Fernández. After complaining about fraud in the primary, he left the PLD and will now run for president on his own as part of a multi-party movement (La Fuerza del Pueblo)—a move that will split the PLD and could bring about its defeat in the 2020 elections, particularly if Fernández and Abinader enter into an alliance in a runoff election. Regardless, the Dominican political party system is experiencing a crisis, as neither the incumbent PLD nor the opposition PRM are fulfilling the expectations of an electorate increasingly disenchanted with their traditional offerings.”

**A** José Alfredo Rizek V., partner at Rizek Abogados in Santo Domingo: “The Dominican Liberation Party (PLD) recently proclaimed Gonzalo Castillo as its presidential candidate for the May 2020 elections. What ended being a two-way race between Castillo and President Fernández saw the newcomer achieve more than 50 percent of the votes cast in 25 out of 32 provinces in the country, with huge support in the rural areas where President Medina has devoted a lot of energy through his more than 260 ‘surprise visits’ over the last seven years. Castillo, as the nominee, will have to articulate not only concrete offerings to differentiate himself from Medina’s government, but also run on the success that his political godfather has achieved (911, education investment, tourism growth). As a freshman presidential candidate, Castillo—a successful entrepre-

neur and efficient former minister of public works—will need to construct a project with specific proposals to deal with problems that Dominicans have signaled matter most: security, job creation and corruption. Most importantly, Castillo will need to craft his message and build a team that projects him

“**The voters will choose between the economic, political and social stability the PLD governments are well known for and the promise of change.”**

— José Alfredo Rizek V.

as a credible and sensible candidate to the main urban population areas. Although there is a possibility of a three-way race now that President Fernández has abandoned the PLD, and once it is determined whether he is constitutionally able to opt for a minority-party nomination to run for office a fourth time, the main battle will be between Castillo and Luis Abinader of the Modern Revolutionary Party (PRM), who ran against Medina in 2016. This will be the third time Abinader appears on the ballot. His platform focuses on changing the way the Dominican Republic has been governed by the PLD over the last 16 years, addressing the fiscal deficit, reducing public indebtedness and changing the spending program the PLD has followed, as well as putting forward proposals to tackle corruption and public security. The voters will choose between the economic, political and social stability the PLD governments are well known for and the promise of change, with an opposition candidate who vows economic discipline by reducing superfluous public expending and a ‘zero tolerance’ stand on corruption.”

*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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