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FEATURED Q&A

Has Chile's Piñera Lost Control of His Legislative Agenda?



Though he opposed it, Chilean President Sebastián Piñera signed a widely supported measure that will allow Chileans to withdraw as much as 10 percent of their pension funds. // File Photo: Chilean Government.

Q Without fanfare, Chilean President Sebastián Piñera on July 24 approved a law that will allow citizens to withdraw a portion of their pension savings as they face the economic downturn caused by the Covid-19 pandemic. Piñera's government had opposed the measure, but the president signed it amid widespread support for it. Following this legislative defeat, Piñera reorganized his cabinet, appointing a new foreign minister, interior minister and other top officials. What does the defeat on the pension bill mean for Piñera's agenda and his ability to govern? Why has Piñera's approval rating—down to just 12 percent in the last month, according to a Cadem survey—fallen so much? What will the cabinet shuffle accomplish?

A Jorge Heine, professor at the Pardee School of Global Studies at Boston University and former Chilean cabinet member: "A golden rule in Chilean politics is that all cabinet ministers are disposable, except for the foreign minister and the finance minister. Yet, two and a half years into his four-year term, Piñera has had three foreign ministers and two finance ministers. What happened? Piñera had much going for him in March 2018. A successful first government (2010-2014), an experienced cabinet and rising copper prices. What went wrong? The Oct. 18, 2019 social uprising showed a government out of touch with the citizenry. Up against the wall, it refused to accept changes in the so-called Chilean model. Instead, it held out, on the assumption that the demonstrations would pass, but the model (based on low taxes, privatized social services and high inequality) would stay. Amazingly, it had a second chance with the pandemic, which

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POLITICAL

Bolivia: Protesters Block Highways for Second Week

More than 70 blockades set up by workers' unions and other groups demanding that a previously agreed-upon election schedule continue as planned blocked commerce and traffic across Bolivia on Sunday.

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ECONOMIC

Mexico Adds 15,000 New Jobs

Mexican President Andrés Manuel López Obrador said on Saturday that nearly 15,000 new jobs had been created in the country in the first week of August, Reuters reported. "We've stopped losing jobs," the leftist leader said.

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POLITICAL

Jamaica General Election Could Be as Soon as Sept. 2

Jamaican Prime Minister Andrew Holness is expected to call for a general election to take place as soon as Sept. 2 or 3 to avoid interfering with the start of the school year amid the pandemic.

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Holness // File Photo: Jamaican Government.

POLITICAL NEWS

Bolivian Protesters Enter Second Week Blocking Highways

More than 70 blockades set up by workers' unions and other groups demanding that a previously agreed-upon election schedule continue as planned halted commerce and traffic across Bolivia on Sunday, La Razón reported. Over the past week, the demonstrators have dynamited passes in the Andean country in protest of several delays to a repeat of last October's contested elections, which led to the longtime president of the country, Evo Morales, fleeing to Mexico amid election fraud allegations. The nation, one of the poorest in South America, has been struggling to cope with the Covid-19 pandemic, as well as a slumping economy, which had done relatively well



Arce // File Photo: Bolivian Government.

under Morales. The caretaker government of Jeanine Áñez—a right-wing senator who came to power on a self-declared “interim” basis for 90 days, and later declared her own candidacy for president—has threatened to use force to dismantle the roadblocks, The Guardian reported. However, Luis Arce, formerly Morales' economy minister and the current front-runner in the polls, said the demonstrations reflected widespread anger, not just with “illegal maneuvering” on the election date but with incompetence, corruption and repression under Áñez. Backers of her government, however, say the blockades are hampering efforts to get needed medical supplies such as oxygen to patients suffering from the pandemic. On Sunday, Áñez said she would form a commission to explore

rapprochement with all social sectors and that elections will be held Oct. 18 instead of in September, according to La Razón.

Primaries in Puerto Rico Rescheduled Due to Irregularities

Puerto Rico on Sunday partially suspended voting for primaries marred by a lack of ballots, the Associated Press reported. The U.S. territory's officials called on the president of the elections commission to resign. Voting is expected to be rescheduled or could continue elsewhere, the commission said. Gov. Wanda Vázquez, an opponent to Puerto Rico's pro-statehood movement that's been championed by her opposition, called the situation “a disaster” and demanded the resignation of the president of the elections commission. Pedro Pierluisi, who is running against Vázquez, called the circumstances an “embarrassment” for her administration. Meanwhile, a federal control board that oversees Puerto Rico's finances issued a statement Sunday saying the “dysfunctional” voting process was unacceptable and blamed it on what it said was inefficiency by the elections commission, according to the AP. Major party leaders issued statements Sunday agreeing that the remaining primaries should be held on Aug. 16.

ECONOMIC NEWS

Mexico Adds 15,000 New Jobs in August

Mexican President Andrés Manuel López Obrador said on Saturday that nearly 15,000 new jobs had been created in the country in the first week of August, Reuters reported. “We've stopped losing jobs,” the leftist leader said in a video posted on YouTube. “The informal economy is also picking up. There's more activity on the street,” López Obrador said. Still, the country has a steep hill to climb, official data shows. According to Mexico's Social Security

NEWS BRIEFS

Jamaica's Holness Could Call For General Election as Soon as Sept. 2: Report

Jamaican Prime Minister Andrew Holness is expected to call for a general election to take place as soon as Sept. 2 or 3, the Jamaica Gleaner reported Sunday. Holness, the leader of the ruling Jamaica Labor Party, intends to hold the elections in order to avoid interrupting the return of students to school. Last month, Jamaica's Parliament approved five emergency powers resolutions due to the coronavirus pandemic to extend the current states of public emergency until Sept. 3.

Chile's CMPC Closes on \$100 Million Loan Linked to Sustainability KPIs

BNP Paribas on Friday announced that it has closed a \$100 million syndicated revolving credit facility structured as a sustainability-linked loan with Empresas CMPC, a major Chilean pulp and paper company. The Europe-based bank said the loan is the first of its kind in Chile and includes comprehensive environmental key performance indicators, or KPIs, such as greenhouse gas emissions, industrial water use, industrial waste to landfill, and land areas set aside for protection, conservation and restoration.

Court Sentences Ex-U.S. Soldiers to 20 Years in Venezuelan Prison

In a surprise decision, a court in Venezuela late Friday night sentenced two former U.S. special forces soldiers to 20 years in prison for their part in a failed invasion aimed at overthrowing President Nicolás Maduro, the Associated Press reported. The former Green Berets, Luke Denman and Airan Berry, have been barred from the proceedings, which their attorneys say is a violation of their constitutional rights to a defense.

Institute, 1.1 million formal jobs were lost between March and July, with some 555,000 losses in April alone. That pace slowed to 3,900 formal job losses in July, López Obrador noted. Mexico's state-run national statistics agency, INEGI, has said some 12 million jobs in total were lost between March and May, much of that stemming from temporary work suspensions caused by lockdown measures to prevent the spread of coronavirus. The president also touted impressive flows of remittances to Mexico, which, due to a favorable exchange rate with the U.S. dollar, have put more spending power into low-income households. According to data released last week by the central bank, workers abroad sent home 11.1 percent more in June than the year before, beating market expectations by 1.2 percent, Goldman Sachs analyst Alberto Ramos told clients in a research note. Given the 13.2 percent depreciation of the Mexican peso against the U.S. dollar over that year, remittances grew 27.9 percent year over year. "The sharp contraction of activity and employment in the United States have not impacted in a visible way the flow of remittances to Mexico," Ramos said.

Ecuador Increases Naval Patrols Over Chinese Fishing Fleet

Ecuador's Navy on Friday launched new patrols to watch over a large Chinese fishing fleet that has increased its operations near protected waters of the Galapagos Islands in recent years, *El Comercio* reported. Nearly 100 new naval vessels have been dispatched to the area over the past month, bringing the total to 340, as well as air patrols that took journalists over the fleet. The commander of Ecuador's Navy, Darwin Jarrín, told reporters that he has reached out to peers in Colombia and Peru to share information and develop a regional strategy for the Chinese vessels, which can carry up to 1,000 tons, according to the report. The Chinese fleet has been present since 2017 in the Northern Hemisphere's summer months on the outskirts of the Galapagos Exclusive Economic Zone, attracted by marine species such as the

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stopped demonstrations in their tracks. Yet, it mismanaged things once again. At one point in July, Chile had the second-highest number of deaths (45) from Covid-19 per 100,000 people in the world, only lower than Britain. The constitutional amendment allowing a 10 percent withdrawal from Chile's AFPs (that is, individual retirement accounts) is the biggest blow to the Chilean model in three decades. It may also give as much as a 3 percent boost to Chile's GDP, leading the country's economy to contract an estimated 4 percent this year, rather than the expected 7 percent. Piñera's is now a coalition government dominated by hardliners, just at the time when Chile enters a period of many elections, starting with a plebiscite on the constitution next October. Paradoxically, the opposition is not in better shape either, having been unable to capitalize on the country's current mess."

A **Guillermo Holzmann, professor at the University of Valparaíso in Chile and CEO of Analytika Consulting:** "President Piñera

faces political, social and public opinion challenges to his leadership and political capacity. Congress' imposition of projects such as the measure to allow withdrawals of 10 percent from pension funds, shows that the Congress has stronger public support as compared to Piñera, tipping the balance of power between the two branches of government. Piñera's political defeat does

giant squid or the hammerhead shark. Such fishing is not illegal because it takes place in international waters, Reuters reported, but environmental activists say it allows fleets to take advantage of the abundant marine species that spill over from the Galapagos and cross into the unprotected waters. China has promised a "zero tolerance" approach to illegal fishing and has proposed a moratorium on fishing in the area between September and November. Some of the vessels in the current fleet are flying under Liberian and Panamanian flags, Bloomberg

not end with the enactment of the law, nor with a change in his cabinet. It also won't disappear with the July 31 government statement, whose content, announcements and vision for the future reinforce the perception of the Piñera government's lack of leadership and authority in the context of the acts of violence that have occurred throughout the country, including the attacks in the Araucanía region. Mapuche groups there have opted for violence, and the government has been unable to control them. It seems that it is not about what the Piñera administration proposes, but rather how the public perceives a lack of empathy and credibility from the government. Between the pause in the protests that began last October and the measures to overcome the effects of the pandemic, the form and style of Piñera's government is not winning support among Chilean citizens. The question is whether the upcoming Oct. 25 plebiscite, which will decide whether to maintain or work toward a new constitution, will be able to help overcome the leadership vacuum in the country."

A **Kathleen C. Barclay, former president of the American Chamber of Commerce in Chile:** "The Chilean Congress approved legislation allowing account holders to withdraw as much as 10 percent of obligatory individual defined pension contributions. This legislation was introduced as a one-time modification to the Chilean constitution

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News reported. U.S. Secretary of State Michael Pompeo last week weighed in on Ecuador's side, alleging that China had been "breaking the rules." "It is time for China to stop its unsustainable fishing practices, rule-breaking, and willful environmental degradation of the oceans," he said via Twitter. China responded that the United States "is in no position to criticize other countries on maritime affairs," Foreign Ministry spokesman Wang Wenbin said, since it has not ratified the United Nations Convention on the Law of the Sea.

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requiring a congressional supermajority rather than following the regular legislative process related to financial matters, which can only be introduced by the president under the existing constitution. The legislation was approved due to the perception by the legislature that, in the context of the Covid-19 pandemic, there was an immediate requirement to address middle-class needs that were not being met by current or proposed government programs. The decision was political in nature with the legislature, including many members of the ruling Chile Vamos coalition, judging that the immediate needs of the middle class outweighed the regressive nature of the policy, as well as the resulting longer-term reductions in individual pensions (exactly the opposite

of what has been a major social demand in Chile) and the negative impact on Chile's fiscal accounts—the reasons for the Piñera government's lack of support for the proposal. In response to the legislative defeat, President Piñera reorganized his cabinet, strengthening the position of the two largest parties in the ruling coalition—the UDI and Renovación Nacional. This change reflects a strategy attempting to unify the coalition as the country moves toward constitutional reform later this year and with a view toward positioning Chile Vamos in the many upcoming elections.”

The Advisor welcomes comments on its Q&A section. Readers can write editor Gene Kuleta at gkuleta@thedialogue.org.

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Online Event: 24th Annual CAF Conference

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LATIN AMERICA ADVISOR

is published every business day by the Inter-American Dialogue, Copyright © 2020

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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

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