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## FEATURED Q&A

# Why Have Bolivians Decided to Bring MAS Back to Power?



Luis Arce (center), the candidate of former Bolivian President Evo Morales' MAS party, won a decisive victory in Sunday's presidential election, according to exit polls. // Photo: Arce Campaign.

**Q** Exit polls from Sunday's presidential election in Bolivia show leftist candidate Luis Arce winning a surprise outright victory without the need for a runoff. Interim President Jeanine Áñez, a political rival of Arce, tweeted congratulations to Arce and his running mate, asking them to "govern with Bolivia and democracy in mind." If the results are confirmed, to what can Arce attribute his victory? What policies can be expected of his government? Will the transition be peaceful, and what role will former President Evo Morales, currently living in exile, play in it? Which parties appear poised to take control of Bolivia's Legislative Assembly, and how well will Arce be able to work with them?

**A** Renata Segura, deputy director for Latin America and the Caribbean at International Crisis Group: "Luis Arce's victory confirms that the Movement Toward Socialism (MAS) remains Bolivia's strongest political force and reveals the unpopularity of the interim government that has ruled the country for a year. Many MAS supporters had turned away from the party in the October 2019 election, offended by former President Evo Morales' desire to cling onto power despite having lost a referendum to abolish limits on re-election. Bolivians have returned to support a party that had ruled for 14 years with a pro-Indigenous and left-leaning but economically orthodox approach. The results also point to a public rebuke of anti-MAS politicians tainted by the intransigence and thinly veiled racism of some of interim President Áñez's allies. Arce's first press conference set a conciliatory tone: 'we will govern for all Bolivians, and we will build a government of

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## Mesa Concedes Defeat in Bolivia Presidential Vote

Carlos Mesa, who exit polls showed finished a distant second in Sunday's presidential election in Bolivia, conceded defeat to Luis Arce of the leftist MAS party.

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## New Malware Targeting Brazil Bank Accounts

Researchers have discovered a new malware variant, which IBM has named "Vizom," that is disguised as video-conferencing software and spreads through phishing attacks.

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## Brazil, U.S. Reach Deal on Limited Trade Pact

Brazil and the United States have reached agreement on a limited pact that is expected to ease trade barriers. Brazilian President Jair Bolsonaro said the agreement will bring a "new chapter" in relations between the two countries.

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Bolsonaro // File Photo: Brazilian Government.

## POLITICAL NEWS

## Mesa Concedes Defeat in Bolivia Presidential Election

Former Bolivian President Carlos Mesa on Monday conceded defeat in the country's presidential election, acknowledging that Luis Arce, the handpicked candidate of former President Evo Morales, had won Sunday's vote, The Wall Street Journal reported. Quick counts that polling firms conducted showed that Arce, of Morales' Movement Toward Socialism, or MAS, party, had won the race. "The results from the quick count are overwhelming and very clear," said Mesa, who exit polls showed came in a distant second. "The difference between the first candidate and us, Citizens Community, is ample." Although the official results may not be available for days, Mesa said they will not change the outcome. "It's a result that we accept and it's a result that we believe, because of the difference between the first and second [finishers], will not be modified when we know the final results." Mesa's concession followed a statement early Monday morning by conservative interim President Jeanine Áñez, who tweeted congratulations to Arce. Áñez withdrew last month from the race, saying she wanted to help unite opposition against the MAS candidate. Arce, a former economy minister under Morales, won more than 50 percent of the vote, according to exit polls, while Mesa garnered around 30 percent, Reuters reported.

## ECONOMIC NEWS

## Brazil, U.S. Reach Agreement on Limited Trade Deal

Brazil and the United States have reached an agreement on a limited pact that is expected to ease trade barriers, strengthen regulatory practices and fight corruption, officials from

the two countries said Monday, The New York Times reported. After seven months of negotiations, however, it is unclear to what extent the new deal will actually increase trade between the hemisphere's two largest economies, given its limited scope. During an event hosted by the U.S. Chamber of Commerce, Brazilian President Jair Bolsonaro on Monday said the agreement would begin a "new chapter" in U.S.-Brazil relations, adding that negotiators had completed talks "in record time." He also said the deal would "slash red tape and bring about even more growth to our bilateral trade." Brazil was the United States' eleventh-largest trading partner in goods in 2018. That same year, the United States exported \$67.8 billion of goods and services to the South American nation, and it imported \$37.2 billion of goods including fuel, steel and aircraft, The New York Times reported. Also on Monday, U.S. Secretary of State Mike Pompeo said that the two countries should reinforce their business partnership, in order to "decrease each of our nations' dependence on critical items" from China, Reuters reported. "Each of our two peoples will be more secure, and each of our two nations will be far more prosperous, whether that's two or five or 10 years from now," Pompeo added. [Editor's note: See related [Q&A](#) in the June 15 issue of the Advisor.]

## Fitch Expects More Pressure for Mexican Insurance Sector

Fitch Ratings said Monday that it expects the coronavirus pandemic to continue pressuring Mexico's insurance sector through the end of the year. Insurers in Mexico "demonstrated resilient financial performance and capitalization and leverage adequacy, despite a reduction in premiums," Fitch said. However, the country's insurance sector will see continued pressure due to "macroeconomic factors and by the risks inherent to the industry, such as increase claims because of the coronavirus pandemic," the ratings agency added. The factors facing insurance providers in Mexico include an expected contraction in gross domestic product,

## NEWS BRIEFS

## Thousands of Indigenous Protesters Demand Meeting With Duque

Thousands of Indigenous protesters took to the streets of Bogotá on Monday, demanding a public meeting with Colombian President Iván Duque over reforms they say are crucial for their survival, the Associated Press reported. The group of nearly 5,000 protesters has traveled for more than week in buses and pickup trucks in a procession known as "the minga," an Indigenous term that refers to joint community action. The groups are protesting mining concessions and an increase in violence since the government's 2016 peace deal with the FARC rebels, the AP reported.

## Chile Regulator Allows Pension Funds to Invest in Gold Products

Chile's financial regulator has decided to allow the country's pension funds to invest in gold exchange-traded products, the Financial Times reported Monday. Chile's pension industry has some \$200 billion in assets and is the most developed pension industry in Latin America, the newspaper reported. Before a 2018 reform, Chilean pension funds could only be invested in liquid assets, but they can now be invested in alternative assets, including private equity, private debt and real estate funds.

## Codelco Workers Demonstrate Against Proposed Layoffs

Workers at Chilean state-run miner Codelco took to the streets on Monday in protest of announced layoffs amid the coronavirus pandemic, Reuters reported. Leaders of the Federation of Copper Workers, which represents the company's unions, chanted "No more layoffs in a pandemic" and "Enough of layoffs and persecution against women" outside the firm's headquarters in Santiago.

as well as higher levels of unemployment, pressure on the generation of credits, volatility of asset values, the extension of stay-at-home orders, in addition to trends on infection and mortality rates from Covid-19. "Demand for insurance products is highly correlated with economic activity, which in periods of stress puts pressure on premium volume," Fitch said, adding that contracting premiums could harm profitability. Assets that insurers manage could deteriorate in value, the ratings agency said. Last April, Fitch downgraded Mexico's sovereign rating to BBB- from BBB due to the initial impact of the pandemic. It also expects Mexico's GDP to contract by 10.8 percent this year and the country's unemployment rate to end the year at 7 percent.

## BUSINESS NEWS

# New Malware Targeting Brazilian Bank Accounts

Researchers have discovered a new malware variant that is targeting Brazilian bank accounts, ZDNet reported Monday. The new variant, which IBM has named "Vizom," is being used across Brazil in order to compromise bank accounts. The malware uses remote overlay techniques and DLL hijacking in order to remain hidden and compromise users' devices, according to IBM security researchers. The malware spreads through spam-based phishing and is disguised as video-conferencing software that has increased in popularity as people are working remotely amid the Covid-19 pandemic. After Vizom lands on a vulnerable personal computer that is running Microsoft Windows, the malware begins the infection chain by striking the AppData directory. Through DLL hijacking, the malware creates its own Delphi-based variants with names that a user might expect in attempts to force the loading of malicious DLLs, ZDNet reported. [Editor's note: See related [Q&A](#) in the Jan. 15 issue of the Dialogue's biweekly Financial Services Advisor.]

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national unity.' Preliminary results show that while MAS continues to be the strongest party in the Senate, they will not have a supermajority that allows them to pass laws without alliances. Establishing a working relationship with opposition parties will be indispensable, although some may not be willing. Arce also said MAS has learned from its mistakes. The president-elect knows he inherits a deeply fragmented country, burdened by additional health and economic crises. Latin Americans' strong presidentialist tradition means Arce should have space to build a more technocratic and conciliatory MAS presidency. However, Morales' almost certain return to Bolivia will test the party's internal cohesion and Arce's mettle."

**A Roberto Laserna, director of the Center for the Study of Economic and Social Reality (CERES) in Cochabamba, Bolivia:** "The Covid-19 pandemic and the way it has put additional economic stress on the majority of the population made people remember the good old days of the export bonanza, when Luis Arce was finance minister. The economy became voters' main concern, and the promise of going back to those days was attractive enough. Arce and Mesa knew that, and both promised the same thing: increased fiscal expenditures to protect consumers. In the end, voters choose to believe the former minister in the hope that he will 'do it again.' The problem is that Arce believes that his actions led to the bonanza, not previous investments or increasing prices. But this time, he will face declining international reserves and a mounting fiscal deficit. He distrusts international lenders and investors, so he announced his intention to increase taxes, a difficult task when only 30 percent of citizens bear the tax burden. Arce will also have other challenges in his relationship with Evo Morales and lawmakers. Somehow, he also defeated Morales, getting more votes on his own, which will make it hard for him to concede power and accept a

subsidiary role to Morales. He will not have full control of the Legislative Assembly, and so will need to work with the opposition. Finally, in three or four months, there should be local elections in which the opposition may regain control of some departments and municipalities. A challenge for Arce will be to work with them with a smaller budget. Sunday's election eliminated one uncertainty, but it created others."

**A Bret Gustafson, associate professor of sociocultural anthropology at Washington University in St. Louis:** "Bolivia has given the world a lesson in democracy. After MAS President Evo Morales was ousted in a coup last November and in the wake of enduring 11 months of an often brutal and incompetent interim government, the country overwhelmingly voted to return the presidency and most of the Legislative Assembly to the MAS. Even the right-leaning El Deber newspaper acknowledged the 'clear and crushing victory' for MAS candidates Luis Arce and David Choquehuanca. Exit polls gave Arce a whopping 52 percent of the vote. Carlos Mesa had to come within 10 percentage points to get to a runoff round, but at 32 percent was nowhere close. Coming in third was Luis Fernando Camacho (14 percent). Camacho had gained some attention as a presidential aspirant during the November 2019 putsch, but was reduced to a spoiler candidate whose achievement was only to gain a few seats in the Assembly. Polls suggested Mesa would get to a second round, which most thought he could win. Yet polls consistently undercount the rural vote. Evo Morales will surely return to Bolivia and may complicate the situation for Arce. Additionally, the decline of natural gas prices, exports and reserves will make Arce's job more difficult. Arce will also have to deal with demands from the business and agroindustrial sectors, which have long relied on state subsidies. Arce has said that his party, the MAS, will address the 'errors of

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the past,' but the MAS will also face renewed critiques from its left flank, where many see too many compromises with big business, corruption and a tepid approach to GMOs, the environment, and Indigenous and women's rights. The pandemic is still going on too. Yet for the moment, Bolivian democracy has indisputably and unquestionably been restored."

**A** **Mareike Winchell, assistant professor in the Department of Anthropology at the University of Chicago:** "Arce can attribute this victory to rural and Indigenous support, including among Indigenous farmers and vendors living abroad. Arce's victory also reflected his regaining of votes that Morales, in 2014 and 2019, had lost. This suggests that interim President Ñez's strategy of intimidation, violence and political persecution against MAS officials, trade unions and Morales supporters served to galvanize popular support for the MAS. The next days are crucial. Morales' 2019 ousting took 38 lives. By contrast, Ñez has formally acknowledged Arce's victory and called on Bolivians to respect the electoral process. Given opponents' acceptance of Arce's win, a smooth transition seems likely. In response to the results, Morales tweeted: 'we have returned as millions, now we the people will regain our dignity and liberty.' While he will not play a formal role in Arce's government, for his supporters this election marks a redemptive moment of reclaiming power after a brutal year of political tumult and persecution. In the coming weeks, Bolivia's Plurinational Legislative Assembly, comprised of senators and deputies from MAS as well as Mesa's Civic Community and Camacho's Creemos parties, will face the difficult task of confronting the fallout from a debilitating year of protests, rampant Covid-19 infections and a stalled national economy."

**A** **John Walsh, director for drug policy and the Andes at the Washington Office on Latin America:** "Two unofficial quick counts indicate a resounding first-round victory for MAS presidential candidate Luis Arce, whose candidacy benefited from the disastrous performance of the interim government led by Jeanine Ñez. Bolivians viewing Ñez's time in power as a dress rehearsal for a possible center-right coalition government were turned off by the brutal, vengeful and inept conduct on display. By comparison, Arce's own reputation as a steady hand—technically competent and not charismatic—offered the prospect of calm proficiency to a population tired of conflict. Arce's new government will face enormous challenges, with Covid-19 raging and the economy in difficult straits. Most Bolivians will expect him to defend the gains in social inclusion achieved under previous MAS governments, but also to find common ground with political opponents in the legislature to find practical solutions to the country's pressing problems—including endemically weak justice institutions and impunity for human rights violations. The interim government remains in power until the new authorities are sworn in, and hardline elements unreconciled to the prospect of a MAS government could be tempted to stoke conflict. But Arce's wide margin of victory deflates the fraud narrative that was being pushed ahead of the voting. The emergence of a new cadre of MAS leaders following last year's ouster of Evo Morales—punctuated now by Arce's strong showing—underscores that the MAS is bigger than Morales. Paradoxically, this could make possible for Morales a role as an elder statesman, a prospect that his overreach in seeking re-election last year had seemed to destroy."

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

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

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

**Gene Kuleta**  
Editor  
[gene.kuleta@thedialogue.org](mailto:gene.kuleta@thedialogue.org)

**Anastasia Chacón González**  
Reporter & Associate Editor  
[anachacon@thedialogue.org](mailto:anachacon@thedialogue.org)

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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](http://www.thedialogue.org)

ISSN 2163-7962

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

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