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FEATURED Q&A

What Has Fernández Achieved in His First Year in Argentina?



Alberto Fernández was inaugurated a year ago as president of Argentina. // File Photo: Argentine Government.

Q Today marks Argentine President Alberto Fernández's first year in office. Apart from the Covid-19 pandemic, what have been the most significant challenges Fernández has faced during his first year as president, and how well has he addressed them? How much have his policies diverged from those of his predecessor? Does Fernández have the right priorities for Argentina in the year ahead?

A Laura Gómez-Mera, associate professor in the department of political science at the University of Miami: "Even before the pandemic, Alberto Fernández confronted serious economic and political challenges. On the economic front, he inherited a time bomb—high levels of indebtedness and a deepening economic downturn, combined with rising inflation and poverty levels. Politically, his marriage of convenience with Cristina Fernández de Kirchner weakened his image and raised questions about who actually called the shots within the heterogeneous governing coalition. Ironically, in the short term, the Covid-19 crisis proved to be a political blessing. Fernández moved swiftly to institute a national lockdown while providing emergency support for the most vulnerable sectors, earning high approval ratings. In August, the government also managed to reach an agreement on its debt with private creditors. But Fernández squandered his political capital during the second half of the year, as the eternal lockdown proved more effective in further dilapidating the economy than in containing the public health crisis. In addition to the worsening macroeconomic situation, a series of seemingly incoherent policy decisions, as well as perceived tensions with

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Mexico's Senate OKs Controversial Cash-Buying Bill

Mexico's Senate approved a controversial measure that would force the central bank to buy up cash that commercial banks are unable to return to the financial system.

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Puerto Rico Federal Credit Union will be using Finastra's Fusion platform for digital banking.

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Guaidó Vows to Remain in Venezuela Following Vote

Venezuelan opposition leader Juan Guaidó said he will continue working to unseat President Nicolás Maduro. His comments came after Maduro declared a sweeping victory in Sunday's legislative election.

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Guaidó // File Photo: Facebook page of Juan Guaidó.

POLITICAL NEWS

Guaidó Vows to Remain in Venezuela After Legislative Vote

Venezuelan opposition leader Juan Guaidó, whom dozens of countries recognize as the country's legitimate interim president but who lost his position in the National Assembly in Sunday's widely denounced election, said he will remain in the country and keep working to oust President Nicolás Maduro, the Associated Press reported. Guaidó added that he will seek revisions to international sanctions that are aimed at forcing Maduro from power. "We must review these mechanisms at the international level to exert pressure on this dictatorship and find a solution," Guaidó told the wire service in an interview in his home in Caracas. "We have to use the tools at our disposal to stop this violation of human rights." Guaidó added that he will remain in Venezuela and keep pushing for Maduro's ouster. "One thing I can guarantee is that I'm staying in Caracas," he told the AP. "If this dictatorship wants to come for me, it could do it at any time. That hasn't stopped us before, and it won't stop us now." Guaidó and other Maduro opponents boycotted Sunday's legislative vote, ceding control of the National Assembly to Maduro. The legislature was the only institution of Venezuela's government that Maduro had not controlled. Instead of participating in the legislative vote, Guaidó's coalition is holding a referendum asking Venezuelans whether Maduro's rule should end and if the country should hold new presidential and legislative elections. Guaidó and other opponents of Maduro's government, including the administration of U.S. President Donald Trump, have called the election fraudulent. "Maduro's regime wants to annihilate any form of alternative democracy," Guaidó told the AP. Earlier this week, Maduro claimed victory in the National Assembly vote, whose turnout was just 30 percent, less than half the percentage that participated in the country's 2015 legislative election, in which the opposition won control of the National Assembly. "As was

widely expected, the results have consolidated Nicolás Maduro's grip on Venezuela's political institutions by giving the ruling PSUV super-majority control over the National Assembly," Gabriel B. Hetland, assistant professor of Latin American, Caribbean and U.S. Latino studies at the State University of New York at Albany, told the Advisor in a [Q&A](#) published Tuesday. "While the government will gain control of the National Assembly, the low turnout reflects growing dissent, not only among the upper and middle classes, but also among popular classes, which have protested the government with increasing frequency in recent months." The opposition is also facing an internal split. In an interview with BBC News, former presidential candidate Henrique Capriles said the opposition currently lacks a leader. "I am a believer in the unity of the country. But the opposition today does not have a leader, there is no leadership, no one who is a boss. Does not exist," said Capriles. "Political capital was accumulated and thrown away."

ECONOMIC NEWS

Mexico's Senate Passes Controversial Cash-Buying Bill

The Mexican Senate on Wednesday approved a controversial law that would force the central bank to buy up cash that commercial banks cannot return to the financial system, sparking concerns that it could potentially take in laundered money from drug cartels, Reuters reported. The bill, which President Andrés Manuel López Obrador's party sponsored, was presented as an alternative to help migrants pass on cash that financial regulations have made hard for them to unload. The legislation passed with 67 votes in favor, 23 against and 10 abstentions, La Jornada reported. The proposal had some last-minute amendments that would allow the central bank to decide whether acquired foreign exchange would count toward the country's international reserves. The reform could bring foreign sanctions, including

NEWS BRIEFS

Mexico's López Obrador Seeks Delay of Job Outsourcing Ban

Mexican President Andrés Manuel López Obrador has asked Congress to delay a bill his administration proposed that would ban companies from job outsourcing without government authorization, Bloomberg News reported today. López Obrador asked legislators to wait to vote until February. The request came after business chambers warned the bill could be devastating for the country's economy. López Obrador signed a deal with labor unions and business leaders on Wednesday to seek negotiations over the proposal. [Editor's note: See related [Q&A](#) in the Dec. 3 issue of the Advisor.]

Brazilian, U.S. Authorities Arrest 10 High-Profile People in Trafficking Case

U.S. Immigration and Customs Enforcement, or ICE, has worked with Brazil's federal police to arrest 10 high-profile targets in the South American country, including several current and former local politicians who are allegedly part of transnational criminal organizations involved in human trafficking, ICE said Wednesday in a statement. The two countries' cooperation is part of Operation Tree of Lies in Minas Gerais and other Brazilian states. In addition to the detainments, authorities seized nine vehicles and large quantities of valuable stones and cash.

Mexican Cryptocurrency Exchange Bitso Announces \$62 Million in Investment

Mexican cryptocurrency exchange Bitso said that its recent funding round raised \$62 million in investment, Forbes reported Wednesday. Kaszek Ventures and QED Investors led the funding round, Bitso said. The exchange recently surpassed one million users and is seeking to expand across Latin America, focusing largely on Brazil.

from the United States, against Banxico, as the central bank is known, if proceeds come from illicit sources, Milenio reported. For this reason, the proposal, which will now go to Mexico's lower house of Congress, has raised concerns in the finance industry, as well as over the central bank's autonomy. Banxico has voiced its own worries over the bill. "The draft law would oblige the central bank to carry out high-risk operations that could compromise the availability of the international reserves and the fulfillment of its constitutional mandate," the central bank said in a statement. López Obrador's Morena party denies the bill would compromise the central bank.

BUSINESS NEWS

Puerto Rico Federal Credit Union to Use Finastra Platform

Financial technology company Finastra has struck a deal to provide its Fusion digital banking platform to Puerto Rico Federal Credit Union, Finastra said Wednesday in a statement. "A robust digital banking platform will help our members pay bills, move money and access their finances anywhere, anytime, bringing everyday convenience, as well as peace of mind when it is needed most," the credit union's chief executive officer, Jomar Martínez, said. Puerto Rico Federal Credit Union's decision to use Finastra followed a greater push at the credit union to keep customers connected to their accounts following Hurricane Maria in 2017, Martínez added. The digital banking platform, which will be available in both Spanish and English, will help customers stay connected to their accounts from anywhere and will help them continue bill payments, money transfers and other financial obligations, said Finastra. "Financial technology has the ability to improve lives, whether bringing simple convenience or providing an urgent need like access to finance through the most difficult times," said Chris Zingo, Finastra's senior vice president and general manager of Americas field operations.

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the vice president, have further weakened the president's image. During the second year of his term, the president will confront the equally daunting task of renegotiating a new deal with the IMF. This is essential to restore confidence and prevent a further weakening of the currency. Yet, reaching an agreement with the Fund will require painful fiscal and monetary policy adjustments, and hence difficult political negotiations between Fernández and his Kirchnerist allies. In this context, restoring an image of strength, competence and commitment to the fight against corruption is paramount."

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

"The Alberto Fernández administration inherited a recession, rising debt levels, rising inflation and a deteriorating currency. He proclaimed that restructuring the country's debt and reactivating the economy would prove central to improving the lives of ordinary Argentines. He reversed some of the agricultural sector tax cuts provided by the Mauricio Macri presidency, and he re-regulated the foreign exchange market that Macri had deregulated. Fernández also began a renegotiation of the debt; the eventual renegotiation of Argentina's foreign and domestic debt was the central economic success of Fernández's first year in office. However, the emergence of a global Covid-19 pandemic in March made it very difficult for the Argentine government—and other governments worldwide—to encourage economic growth. Instead, public health restrictions and emergency relief packages became the global watchwords in economic policy for the rest of 2020. The Fernández administration's decidedly restrictive public health measures likely saved many lives and kept the health care system from collapsing. The combination of a global economic downturn with the nearly complete closure of Argentina to normal international travel

culminated in a sharp economic decline of roughly 12 percent of GDP as well as an increase in poverty and business closures. Looking ahead to 2021, the Fernández government recently secured legislative approval of an emergency, one-time wealth surtax ranging from 2 percent to 3.5 percent of the fortunes of roughly the wealthiest 10,000 to 15,000 individual Argentines to finance economic infrastructural investments and health care measures. Time will tell if these policies and a vaccine can reactivate the Argentine economy."

A Beatrice Rangel, member of the Advisor board and director of AMLA Consulting in Miami Beach: "It has been a dreadful year for all Latin American leaders who share the burden of sputtering economies, low savings rates, weak institutions and nonresilient health care facilities. But in spite of the most severe lockdown in South America and numerous political squabbles

“ Fernández's report card exhibits better than passing grades."**”**

— Beatrice Rangel

within the ruling coalition, Fernández's report card exhibits better than passing grades. Debt has been renegotiated, judicial reform is underway, and the government's focus now is on economic reactivation. However, Fernández needs to keep a very odd coalition together if he is to secure governance. On the minus side are exchange and price controls, which could suffocate the economy instead of boosting it. But Fernández seems to be betting on close trade relations with China. This could mean access to Covid-19 vaccines and sales of soy to China that could trigger economic reactivation. Should this be the case, Fernández could become a well-regarded head of state next year in

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a continent where most nations will see their GDP shrink by at least 5 percent as compared to 2019.”

A **Carolina Zaccato, researcher at the Argentine Council for International Relations (CARI) and professor at Universidad de San Andrés in Argentina:** “Fernández took office a year ago with the central premises of reactivating economic growth and tackling poverty, amid a climate of sustained economic recession and growing social unrest. In order to put the country back on the right track, he first needed to negotiate the restructuring of Argentina’s foreign debt. In January, negotiations began, and the government reached an agreement with foreign bondholders in August, marking a big victory for Fernández’s administration. Now, Fernández’s task is to restructure the payment of the \$44 billion debt with the International Monetary Fund, which his predecessor, Mauricio Macri, acquired. There is no doubt that Fernández inherited a challenging economic scenario, after Argentina’s GDP fell 2.1 percent and the poverty rate surpassed the 40 percent threshold in 2019. Notwithstanding, his government’s response to the Covid-19 pandemic (including the world’s longest lockdown) severely halted economic activity, deepening the previous recession and driving the closure of thousands of SMEs, the country’s major source of employment. Palliative measures, such as the Emergency Family Income (IFE) and Emergency Aid Program for Labor and Production (ATP), were implemented to help families and businesses make ends meet during this unforeseen crisis, but the medium term looks rather gloomy for Argentina’s economy. Another key issue of Fernández’s first year in office revolves around the claim for legalizing abortion. Indeed, his campaign promised to reinstall this demand on its platform, following the Senate’s rejection of this measure in August 2018. Having created

the Ministry of Women, Gender and Diversity when he took office, Fernández sent to Congress last November a new project to legalize abortion, which lawmakers will debate in coming months.”

A **Carlos Fara, president of Carlos Fara & Asociados in Buenos Aires:** “President Fernández has faced three main challenges: 1.) the economic crisis he inherited from President Macri; 2.) the external front (investment funds and the IMF); and 3.) the political tension with Cristina Kirchner and the various sectors of the Frente de Todos. Where his government is achieving better results is on the external front, as it reached an agreement with bondholders and is in the midst of negotiations with the IMF. In the other two aspects, Fernández’s management has fallen short. When faced with the same structural problems as President Macri—the strangulation of the external sector due to the lack of foreign exchange—Fernández ended up applying large adjustments to control inflation and prevent the price of the U.S. dollar from rising against the peso. In the middle of it all, he tried to take a more heterodox path, but it was very oscillating and lacked a defined plan. Beyond the economic question, Fernández’s foreign policy is very different from Macri’s, with more emphasis on the ideological approach in situations such as with Bolivia and Venezuela. The question is not so much about the right priorities for next year, but rather on what policies he carries out and the political conditions that he has within his own coalition. The president wants an agreement with the IMF, lower inflation and reactivation of the economy, in addition to controlling the pandemic. But he is not showing enough political ability to deal with these conditions.”

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

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