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## FEATURED Q&A

# Why Is Argentina's President Bowing Out of the Election?



Argentine President Alberto Fernández announced last month that he will not run for re-election this year. // File Photo: Facebook Page of Alberto Fernández.

**Q Argentine President Alberto Fernández announced on April 21 that he will not run for a second term in the country's October presidential election. His decision came as the ruling Peronist coalition has seen falling support amid economic problems including a triple-digit inflation rate. What are the main reasons behind Fernández's decision not to seek re-election, and who is most likely to replace him as the Peronists' presidential candidate? What does the move mean for the Peronists' chances of winning in October? How much of his policy agenda will Fernández be able to accomplish before his term ends?**

**A Juan Cruz Díaz, managing director, and Santiago Ott, senior analyst, both at Cefeidas Group in Buenos Aires:** "President Alberto Fernández's decision not to run for a second term in this year's election did not come out of the blue. Following the defeat that the Frente de Todos (FdT) suffered in the 2021 legislative elections, Fernández saw his decision-making power significantly eroded, largely due to intense struggles within the ruling coalition as well as the country's impaired macroeconomic situation. In this context, Fernández's decision was likely a last-ditch attempt to preserve the FdT's unity and, consequently, competitiveness in the run-up to the elections. Should Fernández have sought a second term, other FdT candidates would have had to compete against their coalition's visible face in the primaries, harming FdT's perception among voters as a disciplined and coherent political bloc. Now, the scenario is different because potential contenders have a free path to submit their candidacies. Ambassador Daniel Scioli

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## TODAY'S NEWS

### ECONOMIC

## Colombia Seeking to Boost Industries in Shift Away From Oil: Bonilla

Colombia's government wants to strengthen industries such as textiles, fertilizers and metalworking as it seeks to shift away from oil and mining, said new Finance Minister Ricardo Bonilla.

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### POLITICAL

## U.S., Mexican Presidents Discuss Migration in Call

U.S. President Joe Biden and Mexican President Andrés Manuel López Obrador discussed migration during a call on Tuesday.

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### POLITICAL

## Effort to Impeach Lasso Advances in Ecuador

Ecuador's National Assembly on Tuesday advanced an effort to impeach President Guillermo Lasso over embezzlement allegations. He denies wrongdoing and has called the accusations politically motivated.

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Lasso // File Photo: Ecuadorean Government.

## POLITICAL NEWS

## Ecuador's National Assembly Advances Impeachment Effort

Ecuador's National Assembly on Tuesday voted to advance an impeachment effort against President Guillermo Lasso over embezzlement allegations, the Associated Press reported. Eighty-eight of the 116 lawmakers present voted to advance the measure despite arguments from Lasso's defense team that the procedure violated the National Assembly's own rules, the wire service reported. The vote took place three days after a legislative committee declined to adopt a report that cleared Lasso of the allegations. The vote on Tuesday means that Lasso's defense and his accusers will be allowed to present evidence to the National Assembly. Removing him from office would require the approval of two-thirds of the legislature, or 92 of its 137 members, the AP reported. At any point during the process, Lasso could dissolve the National Assembly and rule by decree for as long as six months. After that time, he would have to call for new presidential and legislative elections. Last month, Lasso told foreign reporters that he would dissolve the assembly if his removal were about to happen. Lasso, a former banker, is accused of corruption related to contracts at state oil transportation company Flopec, the Financial Times reported. Lasso has denied wrongdoing and has called the allegations politically motivated. The contracts at the center of the allegations were signed in 2018, three years before Lasso took office, the newspaper reported. In a posting on Twitter, Government Minister Henry Cevallos said the impeachment effort against Lasso "was born, developed and ended without proof, without arguments and with serious legal vacuums," the Financial Times reported. "We stand firm in defense of the right of Ecuadorians to live in a democracy," he added. However, National Assembly Vice President Marcela Holguín, an opposition lawmaker, said "all Ecuadorians will have won" if Lasso is removed from office, the newspaper reported. "We will be giving them

an answer to the abandonment into which the miserable policies that Lasso's government has plunged us," she said. Regardless of the eventual outcome, it will be difficult for Lasso to govern, Alberto Acosta-Burneo, editor of Weekly Analysis in Guayaquil, told the Advisor in a Q&A published March 27. "Even if Lasso manages to survive this new attempt to remove him from office, the government will have very little room for maneuvering in the remainder of his term," he said.

## ECONOMIC NEWS

## Ecuador Completes Debt Swap for Marine Conservation

Ecuador on Tuesday completed the largest-ever debt-for-nature swap, which will allow the country to allocate millions of dollars to fund marine conservation around the Galápagos Islands, the Associated Press reported. The South American country bought back \$1.6 billion of outstanding debt and issued \$656 million in new, lower-interest rate bonds backed by a credit guarantee from the Inter-American Development Bank and political risk insurance from the U.S. International Development Finance Corporation. Of the more than \$1 billion in savings on future interest and principal payments, Ecuador will allocate approximately \$450 million to a special fund that will be created to finance conservation activities in two marine reserves around the biodiverse islands. The reserves cover more than 198,000 square kilometers and are home to more than 2,500 endangered marine species. Ecuadorean Finance Minister Pablo Arosemena characterized the deal as a win for both environmental and fiscal sustainability. Ecuador's recent political turmoil and heavy debt burden have pushed the value of its bonds down on the market, and investors were likely willing to sell the bonds to Credit Suisse at a discounted value of 40 cents to the dollar to avoid future losses, The New York Times reported. In a statement, the IDB noted that the debt swap is the largest-ever of

## NEWS BRIEFS

## Biden, Discusses Migration With Mexico's López Obrador in Call

U.S. President Joe Biden and Mexican President Andrés Manuel López Obrador discussed their bilateral relationship in a call on Tuesday, especially amid unprecedented migration in the region, the White House said in a statement. The presidents discussed continued coordination at the border and strong enforcement measures ahead of the repeal of pandemic-era Title 42. Both leaders reiterated the value of managing migration in a humane way, as well as their commitments to addressing the root causes of migration.

## Rio de Janeiro to Host G20 Heads of State Summit

Rio de Janeiro will host the 2024 G20 heads of state summit, state Governor Claudio Castro announced late on Monday, Reuters reported. The event, which will be held Nov. 18-19, will be the largest in the city since the 2016 Olympic Games. Brazil will take over the rotating presidency of the G20 group of nations, which brings together the world's largest economies on Dec. 1.

## Chile's Codelco Signs Knowledge-Sharing Agreement With BHP

Chilean state-owned mining company Codelco said Tuesday that it had signed a knowledge-sharing agreement on sustainable mining with Australian miner BHP Group, Reuters reported. Through the agreement, the two companies agreed to establish a steering committee and working groups to share expertise over the next five years on areas including reducing water use, tailings supervision and the application of advanced technologies that allow for exploitation of low-grade areas and complex deposits. Codelco and BHP are both among the world's largest copper producers.

its kind. It follows successful smaller swaps in countries including Belize, Barbados and the Seychelles, Reuters reported.

## Colombia Seeking to Boost Industries in Shift Away From Oil

Colombia is looking to restore industries such as textiles, fertilizers and metalworking as it shifts away from oil and mining, the country's new finance minister said, the Financial Times reported Tuesday. Ricardo Bonilla, who assumed the position on May 1, also said the country wanted to develop pharmaceuticals manufacturing. "We are very interested in foreign investment that is not so concentrated in oil and coal but in industry," Bonilla said. "We have to rebuild the industrial apparatus to be able to have that production in Colombia ... That does not mean that we do not buy goods but that we want the possibility of a more equal exchange," he added. Bonilla took office amid a cabinet reshuffle and replaced José Antonio Ocampo, who in the 1990s served as finance and agriculture minister. Bonilla was previously the finance secretary under President Gustavo Petro when he was mayor of Bogotá. Petro, a former guerrilla member, was elected last year as the country's first leftist president on a platform advancing social reforms and a green transition away from oil, gas and mining—though they represent half of the country's exports. Petro's previous coalition fell apart as he struggled to pass a series of reforms, including a health reform bill that would have increased the role of the state in health care, the Financial Times reported. "Petro is determined to make substantial economic and social changes in Colombia but lacks a majority in Congress," Joydeep Mukherji, the managing director of sovereign ratings at S&P Global, told the Advisor in a [Q&A](#) published on May 3. "Facing resistance to his health, pension and labor reforms in Congress, and inside his previous cabinet, Petro is regrouping his coalition to accelerate the implementation of his agenda," he added.

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has expressed his intentions to run, though Economy Minister Sergio Massa is better positioned for a potential nomination and former President Cristina Kirchner seems to subscribe to such a scenario. Nevertheless, incentives are aligned for the FdT to field a single candidate in the primaries, which would allow the coalition to unify voters and be better positioned for the general elections. However, the coalition's chances of winning are still very low. The FdT's odds of remaining in power will continue to be closely linked to maintaining some economic stability ahead of October. Meanwhile, Fernández's 'sacrifice' will significantly reduce his real power to implement initiatives for the remainder of his term."

**A** **Kezia McKeague, regional director, McLarty Associates:** "President Fernández's announcement on social media came at the end of an intense week of depreciation of the black-market value of the Argentine peso—in a country in which the peso-dollar exchange rate is closely linked to political stability. The Fernández administration's hopes of muddling through until the election—and avoiding a deeper crisis—were complicated by a severe drought, which has hurt agricultural exports and further weakened central bank reserves. The latest currency crisis dealt the final blow to a candidacy that was already doomed due to intense pressure from allies of Vice President Fernández de Kirchner coupled with strong anti-incumbent sentiment in the context of an extremely fragile economic and social situation. Nevertheless, Fernández's decision to renounce his candidacy does not improve his coalition's electoral prospects. The most likely candidate from the Frente de Todos is Minister of Economy (and coalition partner) Sergio Massa, but his chances are similarly affected by the inability to lower the monthly inflation rate. He has reportedly postponed a decision about his political future until June. While he has made clear that he would only serve as a

candidate 'of unity' (with support from both Alberto Fernández and Cristina Fernández de Kirchner), he does face internal competition from politicians like Daniel Scioli and

**“The latest currency crisis dealt the final blow to a candidacy that was already doomed...”**

— Kezia McKeague

Wado de Pedro. Regardless of the candidate, most pollsters and political analysts project a historic defeat for Peronism in the October election. For now, the Fernández administration priority is to avoid a devaluation of the official exchange rate, but any serious effort to resolve the country's deep macroeconomic imbalances will be left to the next government."

**A** **Tobías Belgrano, director of Latin American affairs at The New Global Order:** "In a video entitled 'My decision,' President Fernández described his four years in office and his challenges: the pandemic, the global economic downturn resulting from the Ukraine conflict and the country's debt with the International Monetary Fund. The president expressed a sense of regret about issues such as poverty, inflation and political instability. His fate was ultimately sealed by the same realpolitik that brought him to power in the first place. In 2019, Cristina Kirchner selected him to run against then-President Mauricio Macri. After four years in office, Fernández and Kirchner are now unable to meet each other due to the public attacks of Kirchner's faction against the president and the self-inflicted problems of his administration. While Kirchner has indicated that she will not be running, her personal and political circumstances, along with her popularity among the Peronist electorate, make her

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a formidable competitor in the upcoming election. The future of Peronism remains a mystery. Its traditional pragmatism and ideological fluctuations are in the past. The present looks like a dogmatic alley with no way out. But what is certain is that despite Fernández's well-intended message, the next months of his presidency seem to look like slow agony."

**A** **Carlos Fara, president of Fara Veggetti in Buenos Aires:** "The president will not seek re-election because of high disapproval of his management and a lack of support within the Frente de Todos. If he ran in the primary, he would have been forced to put together a list of candidates in every district to be competitive, which was very difficult

**“ Today, the most likely official candidate is Economy Minister Sergio Massa...”**

– Carlos Fara

to achieve. Today, the most likely official candidate is Economy Minister Sergio Massa, whom Cristina Kirchner prefers, though that will depend on whether he manages to defuse the problems of the lack of U.S. dollars and stabilize inflation. If that does not happen, the vice president will think of another alternative. Fernández's decision not to seek a second term is inconsequential because it does not modify the electoral possibilities of Peronism, which will remain very low. The president only has three things on the agenda: 1.) finish his term normally, 2.) resist Kirchnerism as much as he can through small settling of accounts, and 3.)

ensure that the economic bomb does not explode. This is all—he has no substantive policy agenda to defend until the end of his term."

**A** **Graciela C. Römer, director of Graciela Römer & Asociados in Buenos Aires:** "Argentina is going through one of its recurrent economic crises, exacerbated by a drought, the post-Covid 19 inertia, the invasion of Ukraine and management that has not stopped making both political and economic mistakes. In this context, many citizens question democracy as a privileged regime of government, including political parties, the ruling elite, the judicial system and parliaments. In this difficult environment, the government has seen its support dwindle. Vice President Cristina Kirchner, the main leader of Peronism and the person who could ensure a relative critical mass of voters, has said she will not run for president, which leaves a difficult space to fill. Besides that, President Fernández has declined to run for re-election in the face of a clear reality: the decline in the approval ratings of his government and the vacuum of authority that embodies his figure. Apart from Cristina Fernández, the FPV lacks strong leadership. The discontent has produced populist and bizarre candidates such as Javier Milei, who attracts voters of the lower-middle class and young people from the suburbs of Buenos Aires, an important electoral base of the Peronists. The government not only has failed to curb inflation but also has presided over increased poverty, a deterioration in health and education, as well as several corruption convictions. So a candidate who can exploit the rejection of what is called the 'political class' puts the ruling party in a situation in which its candidate might not even win a place in the runoff."

## LATIN AMERICA ADVISOR

is published every business day by the Inter-American Dialogue ISSN 2163-7962

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