

# LATIN AMERICA ADVISOR

A DAILY PUBLICATION OF THE DIALOGUE

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

Tuesday, April 3, 2018

## BOARD OF ADVISORS

**Diego Arria**

Director, Columbus Group

**Devry Boughner Vorwerk**

Corporate VP, Global Corporate Affairs  
Cargill

**Joyce Chang**

Global Head of Research,  
JPMorgan Chase & Co.

**Dirk Donath**

Senior Partner,  
Catterton Aimara

**Marlene Fernández**

Corporate Vice President for  
Government Relations,  
Arcos Dorados

**Peter Hakim**

President Emeritus,  
Inter-American Dialogue

**Donna Hrinak**

President, Boeing Latin America

**Jon Huenemann**

Vice President, U.S. & Int'l Affairs,  
Philip Morris International

**James R. Jones**

Chairman,  
Monarch Global Strategies

**Craig A. Kelly**

Director, Americas International  
Gov't Relations, Exxon Mobil

**John Maisto**

Director, U.S. Education  
Finance Group

**Nicolás Mariscal**

Chairman,  
Grupo Marhnos

**Thomas F. McLarty III**

Chairman,  
McLarty Associates

**Carl Meacham**

Associate VP for Latin America  
Int'l Advocacy Division, PhRMA

**Carlos Paz-Soldan**

Partner,  
DTB Associates, LLP

**Beatrice Rangel**

Director,  
AMLA Consulting LLC

**Gustavo Roosen**

Chairman of the Board,  
Envases Venezolanos

**Andrés Rozental**

President, Rozental &  
Asociados and Senior  
Policy Advisor, Chatham House

**Roberto Sifon-Arevalo**

Managing Director, Americas  
Sovereign & Public Finance Ratings,  
Standard & Poor's

## FEATURED Q&A

# What Can Costa Ricans Expect of Carlos Alvarado?



Ruling party candidate Carlos Alvarado Quesada was elected Costa Rica's president in Sunday's runoff election. He is to take office in May. // File Photo: Alvarado Quesada Campaign.

**Q** Ruling party candidate Carlos Alvarado Quesada on Sunday won Costa Rica's presidential runoff, garnering 61 percent of the vote to defeat evangelical singer and lawmaker Fabricio Alvarado Muñoz. Same-sex marriage was a prominent issue in the campaign, with Alvarado Quesada in support of it and Alvarado Muñoz opposed to it. To what can Alvarado Quesada, who came in behind Alvarado Muñoz in the first round, attribute his victory? What can Costa Ricans expect of his government, and how much will his policies differ from those of current President Luis Guillermo Solís? What will Alvarado Quesada's government mean for businesses operating in Costa Rica and for the country's economy?

**A** Rogelio Douglas, president of the Caribbean Sustainable Development Group in Limón, Costa Rica: "Much of Costa Rica's current peace and joy is based on expectations. President-elect Carlos Alvarado Quesada beat Fabricio Alvarado Muñoz by more than 20 percentage points. It was a very unexpected margin, considering that Alvarado Muñoz had won the first round with a surprising surge from 12th place out of 13 candidates, while the winner's party is finishing its term with two of the largest corruption cases in the country's history and an anemic economy. In the end, the theme that carried the winner across the finish line on Sunday night appears to be a stronger understanding and more effective communication of economic issues and possible solutions, not religion or social rights. The challenge for the new government will be effectively addressing the economy. At the macro level, this includes issues such as economic growth, a budget

*Continued on page 3*

## TODAY'S NEWS

### POLITICAL

#### Peru's Vizcarra Swears in New Cabinet Members

Martín Vizcarra, who took office just over a week ago as Peru's president, swore in his cabinet. His selections include César Villanueva as prime minister and David Tuesta as finance minister.

Page 2

### BUSINESS

#### Colombia's Attorney General Probing Oil Spill

Colombia's attorney general's office is investigating state oil company Ecopetrol's role in an oil spill that began a month ago. The spill has reached 40 bodies of water, killing thousands of fish.

Page 3

### ECONOMIC

#### Brazil Could Grow More Than Forecast: Central Bank Chief

Brazil's economy could grow more than the 2.6 percent forecast for this year, central bank head Ilan Goldfajn said at an event in São Paulo.

Page 2



Goldfajn // File Photo: Brazilian Government.

**POLITICAL NEWS**

## Peru's Vizcarra Swears in New Cabinet Members

Peruvian President Martín Vizcarra, who took office just over a week ago following the resignation of his predecessor, Pedro Pablo Kuczynski, on Monday swore in his new cabinet, Peruvian daily newspaper La República reported. The entirely new cabinet is led by Prime Minister César Villanueva, an opposition legislator who had helped to lead the push



Vizcarra swore in his new prime minister, César Villanueva (L-R) and other members of his cabinet on Monday. // Photo: Peruvian Government.

to impeach Kuczynski. Villanueva has vowed to focus on resolving social problems in the interior of Peru, the Associated Press reported. David Tuesta, who has worked for BBVA for the past decade and before that served as a director for the CAF development bank, was tapped as finance minister. Néstor Popolizo, a career diplomat, was named foreign minister, the Financial Times reported. Among Popolizo's first tasks will be overseeing next month's Summit of the Americas, which is to bring several Western Hemisphere heads of state, including U.S. President Donald Trump, to Lima. Vizcarra also named Francisco Ísmodes as energy and mining minister. He has two decades of experience in the mining industry, which has helped drive the economy of Peru, the world's second-largest producer of copper and among the largest producers of gold, silver and zinc. Other cabinet selections include Salvador Heresi as justice minister, the AP reported. Heresi has spoken in favor of Kuczynski's controversial decision last December to grant a pardon to

former President Alberto Fujimori on medical grounds. Kuczynski's pardon of Fujimori, who had been serving a 25-year jail sentence for crimes he committed during his presidency, was widely seen as payback to Fujimori's son, lawmaker Kenji Fujimori, who helped Kuczynski remain in office during the first attempt to impeach him. The Inter-American Court of Human Rights is expected to rule in coming months on the validity of Fujimori's release and could order Peru's government to return him to prison, the AP reported. Vizcarra also named Fabiola Muñoz as his environmental minister. Muñoz formerly headed Peru's forestry service. [Editor's note: See [Q&A](#) on Peru's new president in the March 26 issue of the Advisor.]

## White House Eyes New Immigration Legislation

Trump administration officials said Monday that the White House is planning another effort at creating new immigration legislation, CNN reported. A White House official told CNN that the Department of Homeland Security is working on a legislative package that "would basically close these loopholes so we can have a lawful immigration system and save a lot of lives on both sides of the border." The news fol-

**Trump expressed anger over a "caravan" of Central Americans marching toward the U.S. border.**

lowed a series of tweets by Trump on Sunday and Monday that showed the president's growing frustration with the immigration system. On Monday, the president reiterated his anger over the "caravan" of Central Americans heading for the United States' southern border, referring to an annual protest march. In a tweet, Trump said, "Mexico is doing very little, if not NOTHING, at stopping people from flowing into Mexico through their Southern Border, and then into

**NEWS BRIEFS**

## Strong Earthquake Rattles Bolivia, Brazil

The San Calixto Observatory in Bolivia recorded a 6.6 magnitude earthquake centered near La Paz at 9:40 a.m. local time Monday, La Razón reported. The tremor did not result in any personal injuries or significant property damage, the Observatory said. According to Reuters, the earthquake was centered near La Paz and shook buildings as far away as Brasilia and São Paulo, forcing people there to evacuate buildings. The U.S. Geological Survey measured the earthquake at a magnitude of 6.8.

## Walmart Expanding Money Transfer Operation to 200 Countries

U.S.-based retailer Walmart is expanding its money transfer operation to 200 countries, allowing customers to send money from any of Walmart's nearly 5,000 stores in the United States to other countries within 10 minutes, the company announced. Walmart, based in Bentonville, Ark., launched its money transfer service four years ago, the Financial Times reported. The new push to expand its money transfer service includes a recent partnership with MoneyGram, allowing senders in the United States to remit money to countries including Mexico.

## Brazil Could Grow More Than 2.6% Forecast: Central Bank Chief

Brazil's economy, the largest in Latin America, could grow more than the 2.6 percent that economists have forecast, the country's central bank chief said Monday, Reuters reported. Ilan Goldfajn added that the official estimate is "well calibrated." During an event in São Paulo, Goldfajn said Brazil's recovery from its most severe recession in decades appears to be consistent, despite volatility in recent readings of economic activity.

the U.S. They laugh at our dumb immigration laws. They must stop the big drug and people flows, or I will stop their cash cow, NAFTA. NEED WALL!" The march includes around 1,000 Central Americans raising awareness of the many migrants who are turned away at the U.S. border every year despite political turmoil and gang violence in their home countries. Trump posted on Twitter Sunday that he would no longer support a deal on the status of the Deferred Action for Childhood Arrivals program, or DACA, threatening to pull out of the North American Trade Agreement if Mexico did not improve cooperation on border security.

#### BUSINESS NEWS

## Colombia's Attorney General Investigating Ecopetrol Oil Spill

The Colombian attorney general's office on Monday opened an investigation into Ecopetrol's role in an oil spill last month in the north of the country, *El Tiempo* reported. The spill, which began on March 2, was caused by a leak from an old well that was thought to be sealed off. The oil has reached 40 bodies of water and killed 2,437 animals, mostly fish, in the area surrounding the town of Barrancabermeja. In a separate report Monday, Ecopetrol CEO Felipe Bayón Pardo told the newspaper that two-thirds of the oil had been cleaned up and that his firm is conducting an internal investigation that will be complete by the end of April. But Luis Gilberto Murillo, Colombia's minister of the environment and sustainable development, says the firm "underestimated" the extent of the spill and responded late. According to Reuters, the Colombian inspector general and environmental licensing agency are also conducting investigations. "The investigation will seek to establish if individual officials from Ecopetrol were responsible and could be penalized," an official from the attorney general's office told the wire service. Bayón told reporters on Monday that his company is cooperating with the investigation.

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

deficit, inflation, interest rates and tax collection. At the micro level, 30 percent of the population continues to live at or below poverty. All they want is long-promised economic inclusion and development in their communities in order to produce jobs, reduce poverty and crime, and create a more democratic distribution of the country's economic success—in other words, which the liberal democracy has so far failed to produce. The economic glass has been half full for all Costa Ricans for decades. The question is how we get those driving the economy to be much more considerate of those who have been pressured at the bottom. Alvarado Muñoz won only two of the seven provinces in this final round, the two poorest on the coasts. On a national level, the political message is pretty clear. The primary challenge to our democracy, capitalist system and rule of law is the turbulence created by the ever-increasing and unacceptable income gap resulting from the historic exclusion. The next government will need to form a strong national coalition to work at both ends of the economy concurrently."

**A** **Christine Wade, associate professor of political science and international studies at Washington College in Chestertown, Md.:** "Costa Rica's presidential runoff featured a stark contrast between author and former Labor Minister Carlos Alvarado Quesada and Fabricio Alvarado Muñoz, an evangelical pastor whose anti same-sex marriage stance became the focus of the late campaign. Polls had the two candidates running neck-and-neck or giving a slight edge to Alvarado Muñoz, but higher than expected voter turnout appears to have tilted the balance to Alvarado Quesada. In addition to highlighting growing tensions between conservatism and progressivism in Central America's 'exceptional' democracy, voting patterns also appeared to underscore the extent to which those values were represented by the urban-rural divide. While the IACHR

decision on same-sex marriage dominated the campaign in recent months, the new administration will face some significant economic challenges. High unemployment, a large public-sector deficit, rising inequality,

**C** **The new administration will face some significant economic challenges."**

— Christine Wade

and rising crime all await the president-elect. Alvarado Quesada will have to make a concerted effort to work with other parties in a divided legislature to get key legislation, such as tax reform, passed if he's to succeed where others have failed. Given his economic team, which includes Vice President-elect Epsy Campbell Barr and President Solís, it's unlikely his policies will diverge significantly from the current administration."

**A** **Bruce M. Wilson, professor of political science at the University of Central Florida:** "Carlos Alvarado Quesada's margin of victory in Sunday's runoff election (61 percent to 39 percent), a blowout, was not predicted by any national pre-election polls. Instead, polls consistently showed him trailing or in a dead heat with right-wing evangelical singer and deputy Fabricio Alvarado Muñoz. Turnout was unexpectedly high, surpassing the first-round totals, despite the election being held during a major Costa Rican vacation period. In the two months between the two rounds, both candidates courted supporters of the other 11 parties that failed to make the second round and made policy concessions and promises of collaboration in a future government. Alvarado Muñoz, though, made a series of unforced errors including

Continued on page 4

## FEATURED Q&amp;A / Continued from page 3

canceling his participation in some national debates, gagging his party's 14 newly elected deputies, preventing the public from getting to know them, filing a legally required donors list late, releasing the party's program just three days before the election, and focusing almost exclusively on the same-sex marriage issue that he used successfully to animate his supporters in the first round. Furthermore, his spiritual mentor's attacks on Catholic icons including the crucifix and the much loved, 'La Negrita,' the patron saint of Costa Rica, helped undermine support from Catholics. President-elect Carlos Alvarado's capacity to govern depends on his ability to negotiate with deputies from six other parties in the Legislative Assembly, where his own party controls just 10 of the 57 seats. Compounding his difficulty is that the Costa Rican president's institutional powers are among the weakest in Latin America."

**A** **Mitchell A. Seligson, Centennial Professor of Political Science at Vanderbilt University:** "As Mark Twain might have said, reports of the demise of Costa Rica's democracy and civility were greatly exaggerated. The trouncing that the outsider, evangelical populist candidate Fabricio Alvarado, took in the runoff—losing to Carlos Alvarado, a candidate of an unpopular incumbent party—demonstrates how far off the mark those widely expressed fears actually were. In a previous issue of this publication, I predicted Fabricio Alvarado's defeat, saying that when Costa Ricans placed the explosive issue of the Inter-American Court of Human Rights' ruling on legalizing same sex marriage in perspective with the other challenges the country faces, such as crime, corruption,

and the budget deficit, it would be unlikely that Fabricio Alvarado would be elected president, and more likely that Carlos Alvarado Quesada, who was only 3 percent behind Fabricio Alvarado, would be elected. While the same-sex marriage question was



**Reports of the  
demise of Costa  
Rica's democracy and  
civility were greatly  
exaggerated."**

— Mitchell A. Seligson

a highly divisive issue in this election, Vanderbilt University's LAPOP AmericasBarometer surveys have shown a steady increase in tolerance toward gays and same-sex marriage in Costa Rica over the past decade. The real message of this issue was not that Costa Rica is following Guatemala in losing its Catholic majority and becoming an evangelical country, but rather that the great geographic division in the vote revealed deep regional splits. In two of Costa Rica's seven provinces, the evangelical candidate came out ahead in the run-off. The majority of voters supported him in Puntarenas, 55 percent, and Limón, 63 percent—regions far poorer and less developed than the rest of the country. The ruling Citizens' Action Party is going to need to expend extra effort in these provinces if it expects to win their support in future elections."

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

## LATIN AMERICA ADVISOR

is published every business day by the Inter-American Dialogue, Copyright © 2018

**Erik Brand**

Publisher

[ebrand@thedialogue.org](mailto:ebrand@thedialogue.org)**Gene Kuleta**

Editor

[gkuleta@thedialogue.org](mailto:gkuleta@thedialogue.org)

**Michael Shifter**, President

**Genaro Arriagada**, Nonresident Senior Fellow

**Sergio Bitar**, Nonresident Senior Fellow

**Joan Caivano**, Director, Special Projects

**Michael Camilleri**, Director, Peter D. Bell Rule of Law Program

**Kevin Casas-Zamora**, Nonresident Senior Fellow

**Ariel Fiszbein**, Director, Education Program

**Alejandro Ganimian**, Nonresident Fellow

**Peter Hakim**, President Emeritus

**Claudio Loser**, Senior Fellow

**Nora Lustig**, Nonresident Senior Fellow

**Margaret Myers**, Director, China and Latin America Program

**Manuel Orozco**, Director, Migration, Remittances & Development

**Jeffrey Puryear**, Senior Fellow

**Tamar Solnik**, Director, Finance & Administration

**Lisa Viscidi**, Director, Energy Program

**Denisse Yanovich**, Director of Development and External Relations

**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 [freetrial@thedialogue.org](mailto:freetrial@thedialogue.org)

The opinions expressed by the members of the Board of Advisors and by guest commentators do not necessarily represent those of the publisher. The analysis is the sole view of each commentator and does not necessarily represent the views of their respective employers or firms. The information in this report has been obtained from reliable sources, but neither its accuracy and completeness, nor the opinions based thereon, are guaranteed. If you have any questions relating to the contents of this publication, contact the editorial offices of the Inter-American Dialogue. Contents of this report may not be reproduced, stored in a retrieval system, or transmitted without prior written permission from the publisher.