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FEATURED Q&A

What Will Alberto Fernández's Gov't Bring Argentina?



Argentina's new president, Alberto Fernández, received the presidential sash and baton at his swearing-in on Tuesday from outgoing President Mauricio Macri (L-R). // Photo: Argentine Government.

Q **Alberto Fernández on Tuesday took office as Argentina's president, bringing Peronism back to power in Argentina. What can Argentines expect from Fernández's government? What do his cabinet picks say about the direction his government is likely to take? How much will his policies differ from those of the previous administration, and does Fernández have the right plans to address Argentina's economic woes?**

A **Andrés Malamud, senior research fellow at the University of Lisbon's Institute of Social Science:** "In the last 36 years, Argentina boasted eight presidents and 21 economy ministers. These figures convey one success and one failure. The success is democracy: Argentine presidents, whom generals used to oust at gunpoint, are now ousted by the people at the ballot box. The failure is, well, the economy: with poverty rate of more than 35 percent and inflation at 55 percent, growth prospects look dim, and development, illusory. The combination of success and failure makes up for a sort of Argentine miracle: how is it possible that such a dismal economic performance has not eroded democratic stability? A possible, worrying answer is: not yet. Fernández's cabinet picks show how aware he is of the ticking bomb he has sat upon. His most urgent task is to renegotiate an unpayable foreign debt, lest there should be another sovereign default. Fittingly, he appointed as minister of the economy a young expert in debt restructuring that has worked closely to Joseph Stiglitz. Also, he must prevent a social explosion by rapidly restarting growth or, at least, domestic consumption. To this end, he has appointed his closest economic aide as minister of

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TODAY'S NEWS

POLITICAL

Argentina to Grant Bolivia's Morales Refugee Status

Former Bolivian President Evo Morales arrived in Argentina, which is giving him refugee status. His arrival came two days after Peronist Alberto Fernández took office as Argentina's president.

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ECONOMIC

Peru's Central Bank Holds Key Rate Unchanged

Policymakers kept their benchmark interest rate steady at 2.25 percent, maintaining it at a nine-year low.

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POLITICAL

Wreckage of Chile Plane Found, No Hope of Survivors

Search crews discovered wreckage from the Chilean C-130 cargo plane that crashed earlier this week with 38 people on board, and military officials said there was no hope of finding survivors. President Sebastián Piñera said his government would work to determine the cause of the crash.

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Piñera // File Photo: Chilean Government.

POLITICAL NEWS

Wreckage of Chile Plane Crash Found, No Hope of Survivors

Rescue crews on Thursday found the wreckage of the Chilean military C-130 Hercules cargo plane that went missing Monday off the southern tip of South America with 38 people on board, and the head of the country's air force said there was no hope of finding any survivors, Agence France-Presse reported. "The condition of the plane wreckage that was found makes it practically impossible that there are survivors from this air accident," Air Force head Arturo Merino told reporters in Punta Arenas. Remains recovered in the ocean were "most likely to be body parts of those traveling on the C-130," he said. Among the debris that search crews found were portions of the plane's landing gear, its fuel system, a wing, a wheel, two bags, a backpack and a shoe. The plane was headed to a Chilean base on Antarctica for a routine mission when controllers on the ground lost contact with it. The 38 people on board—21 passengers and 17 crew members—were headed to the Eduardo Frei base across the Drake Passage, which separates South America from Antarctica. In a posting on Twitter, Chilean President Sebastián Piñera said his government would do "everything possible to find answers to this tragedy." The area is known for some of the worst weather in the world, and conditions can rapidly change. However, the plane emitted no emergency signal before it vanished, indicating that the circumstances that caused its crash were likely to be sudden. Chilean military authorities said they were committed to determining what had happened. "When 38 of your compatriots die, the least that can be done is to find the truth" said Defense Minister Alberto Espina, AFP reported. The plane was built in 1978, so due to its age, its maintenance history will likely be under intense scrutiny as investigators seek to determine the cause of the crash, Stephen Wright, an air industry specialist at Finland's Tampere University, told the wire service. Search vessels

from the United States, Argentina and Uruguay, along with Chile, were involved in the search. A Brazilian navy vessel also recovered some wreckage, approximately 280 nautical miles from the Argentine port of Ushuaia, Brazilian President Jair Bolsonaro said in a tweet. Also on Thursday, the Vatican said Pope Francis was closely following the developing events and keeping the family members of the missing personnel in his prayers.

Argentina to Grant Refugee Status to Bolivia's Morales

Former Bolivian President Evo Morales arrived on Thursday in Argentina, where he will be granted refugee status, new Argentine Foreign Minister Felipe Solá said, Reuters reported. Morales was granted asylum to travel to Argentina and had made the request for refugee status in order to stay, Solá said, adding that four other people had also requested asylum. Morales had fled last month to Mexico, where he was granted asylum following his resignation in



Morales // File Photo: Bolivian Government.

the wake of a contested election, which the Organization of American States has said was marred by fraud, The Guardian reported. "My eternal thanks to [Mexican] President [Andrés Manuel López Obrador] and the government of Mexico for saving my life and for sheltering me. I felt at home with Mexican sisters and brothers for a month," Morales said in a tweet. He also thanked Argentina for its "support and solidarity." Morales served as president of Bolivia for nearly 14 years, running for a fourth time in the October presidential election, despite a 2016 referendum in which Bolivians

NEWS BRIEFS

U.S. Slaps Sanctions on Son of Nicaragua's Ortega

The United States on Thursday slapped sanctions on another son of Nicaraguan President Daniel Ortega, Rafael, accusing him of money laundering and corruption, Reuters reported. The administration of U.S. President Donald Trump has accused the Nicaraguan government of concentrating power in the hands of Daniel Ortega and his wife, Rosario Murillo, who is also the country's vice president. Rafael Ortega was blacklisted for providing support to Murillo, who was already subject to U.S. sanctions, the Treasury Department said.

Bolivian Protest Leader's Appearance Leads to Scuffles at Dialogue Office

Minor scuffles broke out Thursday between supporters and opponents of former Bolivian President Evo Morales during an event at the Inter-American Dialogue featuring Luis Fernando Camacho, the leader of the anti-Morales Comité de Santa Cruz. Police were called to the think tank to restore order as protesters repeatedly disrupted a question-and-answer session between Camacho and the Dialogue's president, Michael Shifter. One person requested an ambulance for a minor facial injury, Washington Metropolitan Police public affairs specialist Elaina Girtz told the Advisor.

Scheer Resigns as Head of Canada's Conservatives

Andrew Scheer, the leader of Canada's Conservative Party, resigned on Thursday after reports surfaced that he used party funds to help pay for his children's private school education, Global News reported, citing party sources. Only a small circle within the party knew that the party was reimbursing Scheer, who came in second to Prime Minister Justin Trudeau in the October federal elections, for the cost of his children's schooling.

voted against his re-election and a constitutional ban. New center-left Argentine President Alberto Fernández, who took office Tuesday, said there had been a “coup” against Morales when he resigned, Reuters reported. [Editor’s note: See related [Q&A](#) in the Nov. 21 issue of the Advisor.]

ECONOMIC NEWS

Peru’s Central Bank Keeps Key Interest Rate Unchanged

Peru’s central bank on Thursday voted to keep its benchmark lending rate unchanged at 2.25 percent, in line with analysts’ forecasts, state-run Agencia Andina reported. The rate remains at a nine-year low amid delays to public works spending and sluggish global growth. The bank expects Peru’s inflation rate to remain around its goal of 2 percent, and its inflation forecast has a “moderate downward bias,” given the possibility of slower-than-expected growth in domestic demand, the board said in a statement. The board also said it will monitor “new information about inflation and its determinant to consider changes to the monetary policy position,” Bloomberg News reported. The central bank had unexpectedly cut the rate last month, the second time this year, with policymakers describing the move as preventive given concern that the economy is growing at a slower pace than expected. The central bank last week released its economic forecast for this year, with GDP now expected to expand 2.5 percent, down from a forecast of 2.7 percent in September and 4 percent in March. Julio Velarde, who heads the central bank, said growth is expected to rebound to 3.8 percent in 2020, driven by fiscal and monetary stimulus. With the real interest rate close to zero, the current monetary stance is “very expansive,” Velarde said, Bloomberg News reported. [Editor’s note: See related [Q&A](#) on Peru’s economy in the Sept. 11 issue of the Advisor.]

BUSINESS NEWS

BBVA Launches New ‘Open Space’ in Colombian Capital

Spanish multinational bank BBVA announced Thursday that it has launched a new “open space,” an effort to connect with entrepreneurs, in Bogotá. The concept aims to allow greater collaboration with entrepreneurs, the bank said in a statement. “The spaces provides a source of inspiration and knowledge for both the start-ups based there and employees of the bank, with lectures, courses and workshops available

to attend throughout the year,” BBVA said. “It also allows for entrepreneurs to be in close contact with each other, enabling the sharing of ideas, tactics, learnings, etc.” The space in the Colombian capital is the bank’s third such effort. It previously launched such initiatives in Madrid and Mexico City. Jaime Espinosa, the director of BBVA Open Innovation in Colombia, said the new office will welcome several start-ups and will offer them “several initiatives and events to support collaboration.” Last week, BBVA’s new open space office in Bogotá hosted its first event on digital transformation in Latin America with discussions on areas including how companies can better deploy technology within their organizations, BBVA said in its statement.

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production, while at the same time establishing cushion networks with churches and social organizations. Finally, he must walk the tight rope of Peronist politics, simultaneously satisfying his powerful vice president—who nominated him as presidential candidate in the first place—and the provincial governors that are always eager for federal resources. May the force be with him, for the Empire might not.”

A **Agustín Crivelli, economist, professor and researcher at the University of Buenos Aires:**

“The return of Peronism to the presidency, and in particular its union behind the figures of President Alberto Fernández and Vice President Cristina Fernández de Kirchner, means a drastic change in the economic, political and social course, and in the strategy of Argentina’s international insertion. In his speech, Alberto Fernández explained in detail the difficult inheritance, in terms of economic matters, that Mauricio Macri’s government left, and in this context, he established a clear order of priorities summarized with the phrase ‘start with the last ones in order to reach everyone.’ First, the urgent problem of hunger must

be resolved, thinking next of the necessary policies to reactivate the economic cycle and renegotiate the external debt. The current situation is one of virtual default. It is not possible to deal with interest and capital payments within the agreed terms, much less given the country’s economic and

“**The current situation is one of virtual default.”**

— Agustín Crivelli

social crises. Undoubtedly, the government will focus on addressing the external debt problem, but first it must focus on achieving the reactivation of the economic-productive cycle. In order to reach an agreement, the International Monetary Fund will have to get out of its traditional adjustment recipes, allowing a change in the dynamics of adjustments, which now translate into higher levels of recession and indebtedness, into a virtuous dynamic in which it is possible to reach a path of sustainable growth that will allow Argentina to meet its commitments with external creditors.”

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A **Megan Cook, lead specialist in the political and regulatory risk/strategic affairs practice at Cefeidas Group in Buenos Aires:**

“Fernández’s administration will meaningfully shift priorities from those of the Macri government, particularly in terms of social and economic policy, but it will not represent a complete divergence. Fernández’s cabinet includes a mix of younger, fresh faces and longtime politicians. The cabinet shows his strong imprint—most key roles were assigned to close advisors—although positions were allotted with the recognition that he governs in a coalition. Fernández’s immediate priorities will be renegotiating Argentina’s debt while seeking to revive the economy and promote social development. In the short term, he will push for a multi-sectoral agreement on priority measures to address the impact of the economic crisis. The cabinet structure and his inaugural speech also suggest his administration will put renewed emphasis on protecting vulnerable populations and restarting consumption, as well as prioritize the real economy and productive development over the financial sector. Fernández has reiterated his willingness to meet Argentina’s debt obligations, but he will want to negotiate a restructuring more aligned with his prioritization of economic growth and social inclusion. In international affairs, Fernández will likely realign Argentina with leftist governments on some issues, such as Venezuela, but maintain strategic relationships, such as with the United States and China. Fernández begins his term with political capital and a strong position in Congress. However, it is too early to assess how well he will be able to advance his agenda or its impacts. Although Fernández has demonstrated pragmatism, it is unclear if he will be able to consolidate his leadership and sustain this approach while successfully navigating disagreements within his ideologically and geographically diverse coalition. Additionally, the details of many proposals are still unclear, and key posts in the government remain unfilled. As

the new administration moves into action, we will get a better sense of its priorities and capacity to govern. In any case, we can expect the coming months to be incredibly challenging.”

A **Mariano Vila, managing director, and Juan Ignacio di Meglio, public affairs manager, both at Lorente & Cuenca Argentina:**

“Alberto Fernández has the support of most governors and trade unions and holds a majority in the House of Representatives and the Senate. However, the economic situation facing this new government is not encouraging at all. Indeed, with an annual inflation of

“**The economic situation facing this new government is not encouraging at all.**”

— **Mariano Vila & Juan Ignacio di Meglio**

55 percent, poverty reaching 40 percent and 10.1 percent of unemployment, Argentina’s economy is facing a critical situation. Moreover, the most pressing concern for the new administration is foreign debt, which now surpasses 81 percent of GDP. In light of this, it should not surprise us that President Fernández appointed Martín Guzmán, an expert in foreign debt, as the new minister of economy. According to Fernández’s statements to the press, Argentina will seek to restructure its debt payments with private creditors and the IMF. It is still too early to know what Fernández’s economic plan will be, but it is expected that it will be based on the increase of some specific taxes (such as taxes on agricultural raw materials and mining exports) and on economic recovery through the increase of private consumption.”

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

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