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FEATURED Q&A

Who Is in the Best Position to Win Ecuador's Runoff?



Andrés Arauz, a protégé of former President Rafael Correa, emerged as the top vote-getter in the first round of Sunday's presidential election in Ecuador. // Photo: Facebook page of Andrés Arauz.

Q Ecuador's presidential race will go to a runoff on April 11 with left-wing economist Andrés Arauz, a protégé of former President Rafael Correa, in the lead. In Sunday's first round, Arauz garnered 32 percent of the vote. It is still unclear who Arauz will face in the second round, as conservative banker Guillermo Lasso and Indigenous leader Yaku Pérez were tied with about 20 percent each. What are the most important factors driving support for the candidates, and who is best positioned to win the runoff? What accounts for the surge in support for Pérez, who had been trailing Lasso in the polls? What is the chance of civil unrest given the closeness of the race between Lasso and Pérez? What will the results in Sunday's congressional elections in Ecuador mean for the country's direction and the next president's agenda?

A Daniela Chacón Arias, executive director at Fundación TANDEM and former Quito vice mayor and city council member: "Many were predicting that Arauz and Lasso would go to the runoff and dismissed Pérez as a candidate who would obtain more votes than an Indigenous leader has ever received but not enough to make it to the runoff. This analysis was based on the belief that the election was only about whether Correa would return to power, and supposedly Lasso was the candidate who could win that match. But the results show a different story. Many undecided voters were tired of this discourse and were looking for an alternative. Pérez and Hervas (who obtained 16 percent of the vote) represent that. Also, many dismissed the Indigenous and social revolts of October 2019 as an attempt by Correa's

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Honduras' Leader Targeted in U.S. Probe: Filing

In a new court filing, U.S. prosecutors said they are investigating Honduran President Juan Orlando Hernández, who faces allegations that he accepted bribes to protect drug traffickers. Honduras' presidency has denied the allegations.

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BUSINESS

Carrefour to Invest \$744,000 Annually to Protect Amazon

The Brazilian unit of French retailer Carrefour has committed to investing 4 million reais (\$744,000) annually to protect a tract of land in the Amazon.

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POLITICAL

Colombia to Grant Legal Status to Many Venezuelans

President Iván Duque said Colombia would grant legal status to nearly a million Venezuelans. Venezuelans have left their country by the millions, fleeing hyperinflation, food shortages and political crisis.

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Duque // File Photo: Colombian Government.

POLITICAL NEWS

Colombia to Grant Legal Status to Many Venezuelan Migrants

Colombian President Iván Duque announced Monday that his government would grant legal status to nearly a million Venezuelan migrants who have been living in the neighboring country, The Wall Street Journal reported. The migrants would be given temporary protected status, allowing them to live and work in Colombia for 10 years, the newspaper reported. Duque made the announcement after meeting with Filippo Grandi, the United Nations High Commissioner for Refugees. "As we take this historic and transcendental step for Latin America we hope other countries will follow our example," Duque told ambassadors and diplomats at the announcement, the Associated Press reported. Duque cited calls by Pope Francis for countries to help migrants who are fleeing war and deprivation, The Wall Street Journal reported. "We have to take actions—not actions based on fear or rejection, but with fraternity," Duque added. More than 1.7 million Venezuelans have gone to Colombia, and hundreds of thousands are in the country illegally. More than five million Venezuelan refugees are spread throughout Latin America, according to the U.N. International Organization for Migration. The number of Venezuelans who have left their country could surpass six million by the end of this year, the agency has said. That would exceed the number of Syrians who fled the civil war in their country. Colombia's authorization of Venezuelan migrants goes further than that of any other country, said Grandi. "I can't think of any event so historical, so without precedent and so important during my time, as this announcement of temporary protection for Venezuelans," said Grandi, The Wall Street Journal reported. Most of the Venezuelans in Colombia have fled their home country, which is beset by hyperinflation, food shortages and political crisis, the Associated Press reported. Registering undocumented Venezuelans would help Colombia's security agencies and make

it easier to provide social services, including vaccination against Covid-19, Duque said, the AP reported.

Honduras' Leader Targeted in U.S. Probe: Court Filing

In a new court filing, U.S. prosecutors said they are investigating Honduran President Juan Orlando Hernández, who faces allegations that he accepted bribes to protect drug traffickers, The Wall Street Journal reported Monday. Hernández, who has not been charged with a crime, has been implicated in several U.S. drug trials, but the latest court filing marks the first time that U.S. prosecutors have made public that they are investigating him, the newspaper reported. Hernández was not identified by name in the filing, but he was identified as "CC-4," or co-conspirator four. The document, which was filed late Friday in the Southern District of New York, identified "CC-4" as the brother of Juan Antonio "Tony" Hernández, the president's younger brother. Tony Hernández was convicted in 2019 of trafficking 200 tons of cocaine to the United States and is currently awaiting sentencing in New York. The president was named as an unindicted co-conspirator in his brother's trial. Honduras' government denied the allegations against the president. "The claim that Pres. Hernández supposedly accepted drug money from a Geovanny Daniel Fuentes Ramírez, or gave protection or coordination to drug traffickers is 100% false," the government said in a posting on Twitter. The government added that the allegations against the president were "based on lies of confessed criminals who seek revenge or to reduce their sentences." Last month, U.S. prosecutors alleged in a court filing that Juan Orlando Hernández, again identified as "CC-4," had accepted bribes from drug traffickers and had the country's military protect a cocaine laboratory, the Associated Press reported. The documents quote him as saying he wanted to "shove the drugs right up the noses of the gringos by flooding the United States with cocaine," the wire service reported.

NEWS BRIEFS

López Obrador Resumes Daily News Conferences After Covid-19 Recovery

Mexican President Andrés Manuel López Obrador resumed his daily morning news conferences on Monday following a two-week absence after contracting and later testing negative for Covid-19, the Associated Press reported. He refused to wear a mask during the conference or to require Mexicans to use them. "There is no authoritarianism in Mexico," he said. "Everything is voluntary, liberty is the most important thing." Public health experts have recommended the wearing of masks as a key method in preventing the spread of the novel coronavirus.

Cuba Warns Colombia of Potential ELN Plot Targeting Bogotá

Cuba has warned Colombia that rebels from the National Liberation Army, or ELN, may be plotting an attack in Bogotá, Colombian Defense Minister Diego Molano said on Monday, Reuters reported. Molano said Cuban Ambassador José Luis Ponce had sent a "communication about a supposed terrorist attack being planned" for the coming days, though the embassy said it could not evaluate the "verisimilitude" of the information. Molano said Colombia's armed forces and police had been deployed in response.

Banxico to Offer Credit to Banks Having Trouble Placing Dollars

Mexico's central bank said Monday that it will start offering credit to commercial banks that are having trouble placing U.S. dollars, Reuters reported. The measure may act as a compromise on a controversial bill currently in Congress that would make the central bank the buyer of last resort for dollars, which opponents say could expose it to money laundering.

BUSINESS NEWS

Carrefour to Invest \$744,000 Annually to Protect Amazon

The Brazilian unit of French retail company Carrefour has committed to investing 4 million reais per year (\$744,000) in the preservation of a parcel of land in the Amazon, Brazilian Environment Minister Ricardo Salles announced last Friday, Bloomberg News reported. It is part of a new program dubbed "Adopt-a-Park." It is the Brazilian government's newest strategy to manage foreign funding for the Amazon rain forest, in which international actors, including



Salles // File Photo: Agência Brasil.

companies, investment funds or individuals, can sponsor the preservation of a part of the forest for about 10 euros (\$12) per hectare. Around 15 percent of the rain forest, or 63 million hectares, will be available for sponsorship under the program, Bloomberg News reported. Salles said five other companies are in talks with the government for sponsorships similar to that of Carrefour. Together, the six firms could provide 14 million reais for protection efforts, about half of what the government invests each year, he added. Salles also said he was "willing" to work with the administration of U.S. President Joe Biden on environmental issues. In a letter last month, seven former U.S. cabinet secretaries and climate change negotiators pressed Biden to make conservation of the Amazon a cornerstone of his administration, with a focus on trade agreements, financial regulations and corporate commitments, The New York Times reported. [Editor's note: See related [Q&A](#) in the July 14 Advisor.]

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supporters to destabilize Moreno's government, instead of understanding it as a call for a broader agenda that includes human rights, feminism, inequality, racism and sustainability. If Lasso goes to the runoff, he will have to substantially change his agenda to attract Pérez and Hervas voters as he is a right-wing conservative who has made no effort to step out of his comfort zone. Being the alternative to Correa will not be enough. Pérez, however, is more likely to attract Lasso's voters. Given the closeness of the results, it is very likely that there will be civil unrest, especially if Pérez is not declared the second-place winner. His supporters are already mobilized."

A Ramiro Crespo, president of Analytica Securities in Quito: "Arauz won thanks to the ability of former President Rafael Correa to mobilize supporters through a well-managed campaign and due to his populist proposal to give needy families a whopping \$1,000 within a week of taking office. Pérez, meanwhile, rode the opposition momentum galvanized by the October 2019 protests, and also by promoting causes dear to younger voters, such as environmental protection and abortion, which the other two leading candidates reject. Lasso, meanwhile, was unable to expand his support base from his core business-friendly audience and suffered somewhat unfairly from being branded as the continuity candidate of President Lenín Moreno. Pérez has criticized his tally as much too low, bringing his supporters into the streets to protest because his performance is well below that of his party's in the legislative election. This increases the risk of a confrontation with Lasso for entry into the second round, which would benefit Arauz. Though Arauz is clearly in the lead, it's uncertain how much support of other candidates, particularly the surprising social democrat Xavier Hervas, he can capture. In the case of Pérez, who would have Lasso's backing, it will be easier for Lasso's support-

ers to vote for him because of their rejection of 'correísmo' than the other way around because of Lasso's perceived co-responsibility for Ecuador's weak economy, which actually goes back to Correa's structural economic policy mistakes."

A Carlos de la Torre, director of the Center for Latin American Studies at the University of Florida: "Former President Correa continues to have the support of about 30 percent of the electorate that wants to return to the good old days of redistribution, alas with low prices of oil and in an economy destroyed by the pandemic. Arauz's biggest asset, his closeness to Correa, is also his main difficulty as Correa antagonized both the right and the left and is also remembered for his authoritarianism and war against the media and social movements. Arauz would have difficulties getting the votes of the nonpopulist left and center-left in the runoff. Lasso is a weak candidate, as he is a banker and a member of Opus Dei. If he gets to the runoff, he would probably lose. Yaku Pérez represents a democratic leftist alternative. He had the support of environmentalists, Indigenous people, feminists and other social movements. If he advances to the runoff, he could defeat Arauz. Under this scenario, the election would be a contest between a technocratic and autocratic populist left, and a pluralist, environmentalist and popular leftist project. Emotions are high, and hopefully electoral officials will be transparent. Otherwise, Yaku's supporters could take to the streets to defend what they consider a historical triumph."

A Francisco X. Swett, former Ecuadorean minister of finance, member of Congress and central bank president: "It's the economy, stupid! It applies to Ecuador this time, where GDP fell more than 10 percent, mass firings and unemployment were the adjustment in the dollarized regime (the

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alternative would have been inflation and unemployment, in any case), and where the bulk of new voters are in the 16-to-35 age bracket, not just as novice electors, but full of repressed energy and anxiety. Guillermo Lasso's perception as appeaser of a deeply unpopular and rudderless government was a net negative, and the alliance with Jaime Nebot's PSC produced what must be the most stunning reversal in all its traditional strongholds, which were conquered by Correa/Arauz. Numbers appear to be irreversibly in favor of Yaku Pérez to compete in the runoff against Arauz, and, that being the case, he has a better than even chance to beat a candidate that appears to have hit his ceiling. Pérez has already made some sensible comments about taxes, employment, commercial freedom and dollarization (all contrary to Arauz's script), and this will put him at ease with Lasso voters, as it has already put Guillermo on record to support him. What comes after whoever is elected is a different scenario altogether. The economy is dislocated, the legislature is dysfunctional, and it is no time to pussyfoot around the hard choices."

A **Grace Jaramillo, adjunct professor in the School of Public Policy and Global Affairs at The University of British Columbia:**

"The first round in Ecuador showed a country divided along correísmo/anti-correísmo battleground lines. Correa's anointed candidate, Andrés Arauz, won primarily in the coastal region, the supposed stronghold of the populist right, and significant numbers across the country. However, the real surprise was the rise of the Indigenous candidate, Yaku Pérez Guartambel, for the runoff on April 11 in a neck-and-neck battle with center-right candidate and banker Guillermo Lasso. Pérez won in most provinces of the central highlands and in the Amazon region, and Lasso only won Pichincha, where the capital is located. But the margins are so slim that a battle over second place will surely take a week to be settled. Notwithstanding, the turn

of events is significant. Pérez ran on new issues such as the environment and women's rights as much as economic recovery and the end of the pandemic. He fought hard against Rafael Correa's extractivism projects and was among the ones who suffered the most from Correa's move to crack down on social and Indigenous activism. In a country where 62 percent of the electorate is under 40 years old, there is a clear indication that Pérez's new issues have a better chance of winning over voters than Lasso's promise of investment and free trade agreements with an agenda against women's reproductive rights and the LGBTI community."

A **Beatrice Rangel, member of the Advisor board and director of AMLA Consulting in Miami Beach:**

"Results of the first round of Ecuador's presidential election give good insight into what the new political sentiment is in Latin America. Contrary to most views, the truth is that voters overwhelmingly rejected a turn to the past. In fact, two-thirds of the electorate voted against Arauz, who is seen as the conduit for the return of Rafael Correa. Arauz, while getting a solid one-third of the votes, could face an uphill battle in the second round against Yaku Pérez. Pérez's movement has successfully crossed over to the main electorate, recouping its 20 percent support, which had fallen to 2 percent, 3 percent and 7 percent in 2006, 2013 and 2017, respectively. Then there is the millennial appeal. The pro-environment platform that Pérez disseminated has an extraordinary appeal to youths. This is an electorate that mobilizes behind causes. One of its dearest causes is environmental protection. Thus, they are more likely to mobilize behind Pérez than behind Arauz. This pattern of rejecting the past and seeking a future, however difficult the path, will most likely be repeated across Latin America. Old timers have no answer to today's challenges, but newcomers might. At least in Ecuador, voters seem to be willing to give newcomers a chance."

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