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FEATURED Q&A

Are Argentines Turning Away From Peronism?



Argentine Vice President Cristina Fernández de Kirchner openly blamed President Alberto Fernández's economic policies for the ruling party's election losses this month. // File Photo: Argentine Government.

Q Argentina's center-right opposition coalition Juntos por el Cambio dealt a defeat to the ruling Peronists in the country's Sept. 12 legislative primaries, ahead of the Nov. 14 midterm elections. The opposition garnered 41 percent of the nationwide votes, 11 percentage points more than President Alberto Fernández's coalition. Juntos also won in the province of Buenos Aires, home to more than one-third of Argentina's electorate. The election was followed by public criticism of Fernández's economic policies by Vice President Cristina Fernández de Kirchner and a government cabinet shuffle. What factors explain the shift of support from the ruling coalition? What do the primary results say about voters' concerns in Argentina? Does the Fernández coalition have a chance of winning back support in the November midterms, and how big of a blow would a loss be for the government?

A Marcelo Bergman, director of the Center for Latin American Studies on Insecurity and Violence at Universidad Nacional de Tres de Febrero in Buenos Aires: "Ahead of this primary, the expectation was for a close election that would produce a draw or wins nationwide by very small margins for either party. The final results have shown that Juntos won 41 percent while Frente de Todos (FdT) received 31 percent. This was a catastrophic defeat for the Peronists. In some strongholds on the outskirts of Buenos Aires, where in many precincts the FdT used to demolish competition by piling up 70 percent or 80 percent of the votes, they have now received only 35 percent to 40 percent. The most impressive statistic was the decline of

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Top U.N. Refugee Official Criticizes U.S. Expulsion of Haitian Migrants

The United States' expulsion of thousands of Haitians from an encampment in a Texas border town without determining their need for protection may violate international law, said the top refugee official at the United Nations.

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BUSINESS

Mexico Suspends Five Trafigura Import Permits

Mexico has suspended five of global commodity trader Trafigura's permits for fuel importation. The company criticized the move.

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POLITICAL

Brazil's Bolsonaro Defends Policies in U.N. Speech

Brazilian President Jair Bolsonaro defended his administration's policies in response to the Covid-19 pandemic and its record on deforestation in a speech at the U.N. General Assembly.

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Bolsonaro // Photo: United Nations.

POLITICAL NEWS

Top U.N. Refugee Official Criticizes U.S. Expulsion of Haitians

The United States' mass expulsion of Haitians from an encampment in a Texas border town without determining their need for protection may violate international law and amount to forced returns, the top refugee official at the United Nations said Tuesday, Reuters reported. The official, Filippo Grandi, urged the United States to lift the so-called Title 42 health restrictions that have been in place since the Covid-19 pandemic began in March 2020, saying the rules "deny most people arriving at the southwest border any opportunity to request asylum." He added, "The summary, mass expulsions of individuals currently under way under the Title 42 authority, without screening for protection needs, is inconsistent with international norms and may constitute refoulement." Grandi also expressed shock at images from Del Rio, Tex., where more than 14,000 Haitian migrants had gathered, many intending to seek asylum. The U.S. administration began flying thousands of Haitians back to their home country in recent days. By Monday, some 6,000 Haitian migrants had been flown back. Prominent U.S. Democrats on Tuesday called on the Biden administration to halt tactics that U.S. border agents have been using to forcibly turn back migrants at the border. Agents on horseback were pictured pursuing migrants and in some cases apparently using reins as whips against them, Reuters reported. "The policies that are being enacted now—and the horrible treatment of these innocent people who have come to the border—must stop immediately," said Senate Majority Leader Chuck Schumer (D-N.Y.), the Associated Press reported. When asked about the images, U.S. Vice President Kamala Harris said she would support an investigation of it. "What I saw depicted, those individuals on horseback treating human beings the way they were, was horrible," said Harris, The Guardian reported. "Human beings should never be treated that way."

Brazil's Bolsonaro Defends Policies in Speech at U.N.

Brazilian President Jair Bolsonaro defended his administration's response to Covid-19 and its record on deforestation at the U.N. General Assembly on Tuesday, the Associated Press reported. Bolsonaro's attendance in itself was controversial as he rejected a requirement for all participants to be vaccinated against Covid-19, saying that vaccination remains a personal, medical decision. "By November, everyone who chooses to be vaccinated in Brazil will be attended to," said Bolsonaro, who said he does not need to get vaccinated. "We support vaccination. However, our government has opposed vaccine passports or any obligation to get a vaccine." Bolsonaro also touted alternative medications that have not been medically proven to help fight the novel coronavirus, and he praised his government's Covid-19 welfare program. A member of Brazil's delegation in New York, Health Minister Marcelo Queiroga, tested positive for Covid during the trip, 24 hours after meeting with British Prime Minister Boris Johnson and other U.K. officials, indoors and without wearing a mask, The Guardian reported.

BUSINESS NEWS

Mexico Suspends Five Trafigura Fuel Import Permits

Mexico has suspended five fuel import permits for global commodity trader Trafigura AG, which would have allowed it to continue to import refined products through 2038, the energy ministry said, Argus Media reported Tuesday. One permit has expired, while four others are in the process of cancellation, according to a document published by the ministry late on Monday, Reuters reported. The permits covered refined fuels including some gaso-

NEWS BRIEFS

Ecuador Has No Plans to Issue New Debt: Lasso

Ecuador's government does not plan to issue any new debt in the short term, President Guillermo Lasso told reporters Tuesday on the sidelines of the U.N. General Assembly meeting in New York, Reuters reported. Last year, Ecuador reached a \$6.5 billion deal with the International Monetary Fund, and early this month the two sides reached a staff-level agreement that could lead to \$1.5 billion in disbursements this year. [Editor's note: See related [Q&A](#) in the Sept. 17 issue of the Advisor.]

Argentina Raises Monthly Minimum Wage Amid Soaring Inflation

Argentina's government on Tuesday raised the monthly minimum wage to 31,104 Argentine pesos (\$316.51) as the country continues to struggle amid rising inflation, Reuters reported. In October, the minimum wage will rise to 31,938 pesos and then to 32,616 pesos next February, the government said. Overall, the minimum wage will see a 55.3 percent increase this year, added Economy Minister Martín Guzmán. Consumer prices in Argentina have risen 51.4 percent in the past 12 months.

Chile's Colbún to Install Region's Largest Wind Farm in Atacama Desert

Chilean utility Colbún will install Latin America's largest wind farm in the Andean nation's Atacama Desert, adding to Chile's already large renewable energy base, which the government hopes to tap into for green hydrogen development, Argus Media reported Tuesday. Colbún's 778-megawatt Horizonte project requires a total investment of \$850 million. Construction is slated to start at the end of 2021, with operations to begin in mid-2024. Chile's energy ministry said the project will be among the world's top 10 onshore wind farms.

line specifications, jet fuel and diesel, worth as much as 381.5 billion liters from 2018 to 2038, or almost 5 billion U.S. gallons per year, according to Argus estimates. In a statement, a Trafigura spokesperson said that the company sees “no valid basis for the suspension of import permits for Trafigura Mexico. Trafigura complies with applicable laws and regulations in the jurisdictions in which it operates, including Mexico.” The country’s energy ministry did not detail why it was suspending the permits, and it did not respond to Reuters’ request for comment. The government granted Trafigura all five permits under question at the end of 2018, just before President Andrés Manuel López Obrador took office. Earlier this year, the commercial arm of Mexican state oil firm Pemex temporarily blocked new business with Trafigura, according to a document and a source, but Reuters was unable to determine whether the two actions are related. However, the move came after Energy Minister Rocío Nahle said in recent weeks that Pemex would not do business with any company accused of corruption, though at the time she did not name any firms. Trafigura has been involved in a years-long graft probe in Brazil.

Brazil’s BTG Pactual Launches Crypto Platform

Brazil’s BTG Pactual announced Monday that it has launched a platform for investing in cryptocurrencies, CoinDesk reported. The platform, known as Mynt, will be available later this year to users of BTG Pactual Digital and BTG’s digital bank, BTG+. The platform will initially allow trading in Bitcoin and Ether, the bank said. “At this first moment, we will have the two main assets of the market, but we will include other cryptos for trading over time,” André Portilho, the head of digital assets at BTG Pactual, said in a statement. “We will have a complete platform with Blockchain-based assets.” Mynt will also provide content to educate clients about cryptocurrency technology, said Portilho. The investment bank began examining the crypto industry in 2017, CoinDesk reported.

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this coalition in just two years. In 2019, it won the presidency with 48 percent. Now it has lost one-third of those votes. This requires an explanation that is too early to draw. The pandemic and the quarantines, the poor state of the economy, the slow and tainted privileged access to vaccines and the president’s violation of the lockdown are usually mentioned as causes for the defeat. However, the loss of one-third of the votes begs for a more structural explanation. Time will tell if this is a sign of a new era, where the center-right parties have at least 40 percent support, a formidable base on which to build and get close to the presidency. The declining power of Fdt is real. Its coalition of trade union workers and the lower-middle-class base is shrinking. Its new alignment base of progressive urban middle class and lower class heavily dependent on cash transfers does not muster enough votes to keep Peronism as the hegemonic party it used to be. This can change the balance of power in Argentina for years to come. The current rupture in the Fernández government represents the initial reaction to the defeat. First, it looks as though FdT will rely on ‘old populist tricks’ to win. Perhaps a long introspective journey lies ahead. It is unlikely that the election in November will produce major shifts. FdT risks faring even worse.”

A Benjamin Gedan, deputy director of the Latin American Program and director of the Argentina Project at the Wilson Center: “Peronism’s shellacking in the Sept. 12 primaries supercharged radical elements in the coalition government, and the consequences will spill over Argentina’s borders. The most obvious signs of change are the appointments of allies of the leftist vice president, Cristina Fernández de Kirchner, to senior roles, including cabinet chief. However, her influence will also be felt in two prominent portfolios that remain under the control of Alberto Fernández, the moderate president. Finance Minister Martín

Guzmán kept his job, but he is a diminished figure. Following the drubbing, Fernández de Kirchner reprimanded him for ‘misguided fiscal austerity’ (though the primary deficit was forecast at 3.5 percent of GDP). Post-PASO, Guzmán is under pressure to grow that deficit, especially in the run-up to the Nov. 14 midterms. Since Argentina is locked out of capital markets, a spending spree would require printing pesos, which could push inflation past 50 percent. With the vice president’s foot on Guzmán’s neck, he will struggle to present credible plans to the International Monetary Fund for a deal to delay \$18 billion in payments next year. Fernández de Kirchner also holds the reins at the Foreign Ministry, though presidential confidant Santiago Cafiero is nominally in command. After the vice president engineered Cafiero’s removal as cabinet chief, he will be cautious to provoke her again. That suggests tolerance for human rights abuses in Cuba, Nicaragua and Venezuela, and perhaps closer ties to China. A clash with the White House, however, is not inevitable; the new cabinet chief, Juan Manzur, is fond of the United States, and as a powerful Peronist governor, he is not the vice president’s puppet.”

A Mariana Zepeda, Latin America analyst at FrontierView: “Tensions have been simmering between the hard-left Cristina Fernández de Kirchner (CFK) loyalist wing of the Frente de Todos ruling coalition and the more moderate Alberto Fernández supporters since President Fernández took power—and boiled over after the coalition’s poor performance in the PASO primaries. The primaries revealed that despite the government’s efforts to keep the economy afloat during the pandemic, Argentines are feeling the strain of three years of recession, inflation exceeding 50 percent and rising levels of poverty and crime. The recent Olivos scandal, which revealed that Fernández held an in-person birthday dinner for the

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first lady during Argentina's strict Covid-19 lockdown, further weakened support for the ruling coalition. Indeed, CFK's recent open letter to the public following the PASO defeat makes it clear that her wing of the party explicitly blames Fernández and his team for the primary loss. Still, even with Fernández's recent cabinet overhaul and his efforts to bolster stimulus and expand welfare programs ahead of the midterms, conflict within the Frente de Todos remains a key risk factor. If the midterm results do echo those of the PASO primaries—which is likely—the government not only risks losing its Senate majority, but also experiencing further internal strife. Perhaps one of the greatest risks is that the CFK wing of the party, on which Fernández relies in order to govern effectively, could push the president toward implementing even more populist policies during his last two years in office, further worsening macroeconomic imbalances and potentially jeopardizing the country's ongoing IMF negotiations. Fernández and his finance minister, Martín Guzmán, have remained more or less committed to the negotiations, as the IMF agreement will be key in potentially preventing another debt and currency crisis for Argentina in 2022. Therefore, it is likely that the ruling coalition will reach an impasse in early 2022 surrounding the IMF agreement and more broadly, fiscal and economic policy management, the results of which could significantly shape Argentina's short- to medium-term outlook."

A Carlos Fara, president of Carlos Fara & Asociados in Buenos Aires: "The results of the primaries indicate strong dissatisfaction with the government, especially with the management of the economic situation, particularly inflation and job creation. Alberto

Fernández came to power to fulfill a promise of moderation, both in style and content of his policies, and that was not achieved. He had confrontational attitudes with various sectors, in addition to an increase in tax pressure and greater intervention in the economy. All of that went against what was expected of his government. In this context, the probability that the government can reverse the negative election result is very low. In any case, it could aspire to reduce

“The results of the primaries indicate strong dissatisfaction with the government.”

— Carlos Fara

the damage, cushioning the size of defeat. Not only would the ruling party fail to add new members to its bloc in the Chamber of Deputies, but it is also at risk of losing its majority in the Senate. In addition, the strongest psychological blow will be to lose the election in the strategic province of Buenos Aires. All this will be complications for the ruling party in the second half of Fernández's term, ahead of the 2023 presidential election. From the crisis in the cabinet comes a precarious peace that will last until the Nov. 14 election, without that peace preventing new internal short circuits. This dynamic will not cease to encourage the prevailing uncertainty in economic matters, so it will not generate positive expectations in the electorate and perhaps confirm the Sept. 12 defeat."

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

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