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FEATURED Q&A

Who Has the Edge Ahead of Costa Rica's Runoff Vote?



Former Costa Rican President José María Figueres, pictured voting on Sunday, was the top vote-getter in the first round of the country's presidential election on Sunday. He faces former Finance Minister Rodrigo Chaves in the runoff. // Photo: Figueres Campaign.

Q Former Costa Rican President José María Figueres took an early lead in the first round of the country's presidential election on Sunday. With three-quarters of polling stations reporting, Figueres had 27 percent of the vote, while former Finance Minister Rodrigo Chaves was in second place with just under 17 percent. Which candidate has the edge ahead of the April 3 runoff, and what endorsements and other factors will decide the race? What is driving support for Figueres and Chaves, and what are the biggest differences between the two? What do the National Assembly results in Sunday's election indicate about governability and Costa Rica's political outlook?

A Francisco Chacón-González, attorney at Zurcher Odio & Raven and former National Liberation Party (PLN) member of Costa Rica's Legislative Assembly: "A low turnout, with abstentionism of 40 percent, gave the preliminary advantage to José María Figueres of the PLN, whose party support base is solid and remained practically unaltered during the entire campaign. On the other side, Rodrigo Chaves of the PSD, a candidate with an unknown party, had a sustained growth in the last two weeks and managed to pick up an important part of the mass of voters adverse to Figueres, the political figure with the highest rejection rate among the electorate. Chaves' rise was due mostly to the disenchantment provoked by the poor performance of the centrist Lineth Saborío of the PUSC in the debates. Until recently, she was the candidate with the best chance to face Figueres in the runoff. To win on April 3, Chaves will have to convince supporters of the religious conservatism of Fabricio Alvarado, the center-right Eliécer Feinzaig, and

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TODAY'S NEWS

BUSINESS

Pemex Sharply Lowers Crude Exports to India

Mexican state-run oil company Pemex has reportedly lowered crude oil exports to India as prepares for its recently acquired Deer Park refinery in Texas to absorb a greater amount of its output.

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BUSINESS

Bolivia Announces Tapping of New Natural Gas Well

Bolivia has tapped a new well that is believed to contain between 300 billion and 350 billion cubic feet of natural gas. The well, is operated by Repsol E&P.

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POLITICAL

U.S. Places Honduras' Hernández on Graft Blacklist

The United States last year put Juan Orlando Hernández, who left office last month as Honduras' president, on a list of allegedly corrupt officials, the State Department announced Monday.

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Hernández // Photo: Facebook Page of Juan Orlando Hernández.

POLITICAL NEWS

U.S. Places Honduras' Hernández on Corruption Blacklist

The administration of U.S. President Joe Biden last year placed Juan Orlando Hernández, who left office last month as president of Honduras, on a list of officials suspected of acts of corruption or of undermining democracy, the State Department announced Monday, the Associated Press reported. Hernández was added to the so-called "Engel List" last July, but the administration only made that addition public now, less than two weeks after Hernández left office. People added to the list are generally barred from entering the United States. In making the announcement, the State Department cited "multiple, credible media reports" and testimony from sworn witnesses that Hernández allegedly was involved in corruption and drug trafficking and used drug money for his campaign, The Wall Street Journal reported. "The United States is advancing transparency and accountability in Central America by making public visa restrictions against Honduras' former president, Juan Orlando Hernández, on account of corrupt actions," Secretary of State Antony Blinken said in a tweet. Hernández has denied being involved in any corruption or drug trafficking and has not been charged with any crimes. In a posting on Twitter, Hernández expressed surprise that the United States added him to its Corrupt and Undemocratic Actors list based on media reports "and declarations by drug traffickers and confessed assassins who were extradited by my government or had to flee and hand themselves in to U.S. authorities for fear of being extradited." Hernández, who took office as Honduras' president in 2014, said that during his presidency, the volume of drugs that transited through Honduras declined by 83 percent, and he said that the country's homicide rate fell during his presidency. The State Department also included another former Honduran President, Porfirio Lobo, on the list, in addition to more than 50 current Honduran, Salvadoran and Guatemalan lawmakers, the

AP reported. Lobo has also denied wrongdoing. Political uncertainty surrounded the end of Hernández's term, and the swearing of his predecessor, Xiomara Castro, on Jan. 27. Just days before Castro took office as the country's first female president, lawmakers from her Libre party backed a party member, Jorge Cálix, to be president of Congress over Castro's choice of Luis Redondo of the Savior Party of Honduras. However, Cálix on Monday agreed to step aside, paving the way for Redondo to be the undisputed head of the legislative body, the AP reported. "I step aside from my aspirations [to lead Congress] and I agree to attend the sessions of representatives," Cálix wrote in an agreement, the wire service reported.

BUSINESS NEWS

Pemex Reportedly Slashes Crude Oil Exports to India

Mexico's Pemex has slashed the amount of crude oil it ships to India in order to divert crude to its own refineries, Reuters reported today. India is the third-largest market for the state-run company's oil, but the priority is now to refine oil domestically, sources familiar with the matter told the wire service. Pemex is making good on a pledge it made to cut exports in 2022, and was considering suspending them altogether in 2023, according to the report. "Indian refiners that buy Mexican crudes every month are being called to notify them of volume cuts in 2022. Pemex has also turned down requests by refiners trying to sign new contracts," an unnamed source told Reuters. Pemex is sacrificing a large portion of this year's crude profits in favor of expanding its downstream business, the report added. In January, it took complete ownership of the Deer Park refinery near Houston. The oil firm is building a new oil refinery in Tabasco state, to the chagrin of some analysts. "The ongoing task of building from scratch the \$12 billion Dos Bocas refinery ... is set to become a white elephant, if it ever gets completed," David

NEWS BRIEFS

Argentina Orders Oil Companies, Unions to Negotiate Amid Strike

Argentina's government on Monday ordered oil producers and workers' unions to negotiate following a move by the country's largest oil union to strike in demand of higher wages, Reuters reported. The Private Oil and Gas Union has said inflation is outstripping wages in the sector. The country's labor ministry called the two sides to meet on Thursday.

Job Positions, Revenues Returning to Brazil's Tourism Sector: Minister

Brazilian Minister of Tourism Gilson Machado on Monday said the country's tourism sector is recovering lost jobs and generating more revenues as vaccines against Covid-19 take hold and the Omicron variant of the coronavirus runs its course, Agência Brasil reported. December marked the eighth consecutive month of improved data for the sector, Machado noted, with revenues from tourism at 19 billion reais (\$3.5 billion). "Between October and the end of February, we are going to create 500,000 new formal jobs in tourism alone," Machado added.

Intelsat Reaches Deal to Install Service on Latam Airlines Planes

Virginia-based communications company Intelsat on Monday said it had reached a deal to install its connectivity service in Latam Airlines' fleet of Airbus narrow body aircraft based in Chile, Ecuador, Peru and Colombia. The installations will include up to 160 total aircraft and take three years to complete, Intelsat said in a statement. No financial details on the deal were disclosed. Intelsat said it has made an "initial investment" of \$2 billion to upgrade global technologies that include the ability to provide streaming-quality in-flight connectivity.

Shields, director general of Energía a Debate, told the Energy Advisor in a [Q&A](#) published last August. “Changing energy trends and climate-change priorities will ensure it never operates anywhere near full capacity,” he added. However, Fluvio Ruíz Alarcón, a Mexico-based oil and gas analyst, told the Energy Advisor in a Jan. 21 [Q&A](#) that Mexico’s purchase of the Deer Park refinery “is clearly part of a set of investment projects and legal reforms that seeks to guarantee Mexico’s energy security by way of supporting Pemex’s presence in the national fuel market.”

Bolivia Announces Tapping of New Natural Gas Well

Bolivia has tapped a new well that contains sizable reserves of between 300 billion and 350 billion cubic feet of natural gas, Reuters reported Saturday. The new Margarita 10 well in southern Bolivia will produce roughly 105 million cubic feet per day and is estimated to generate annual income of \$260 million, according to a report in the Peruvian newspaper La República. The well, operated by the oil firm Repsol E&P, is a significant find for Bolivia amid slumping hydrocarbons output in the country, Reuters reported. The Andean nation’s gas production has declined in recent years, from about 200 million cubic feet in 2014, to 148 million cubic feet in 2021, the wire service reported. Production at the new well will help Bolivia meet its export agreements with Argentina and Brazil. “We are going to have export capacity,” said Bolivian President Luis Arce. Armin Dorgathen, president of Bolivia’s state oil firm YPFB, said of the well, “YPFB and Repsol will make their best efforts to make this production available to the markets in the shortest time possible,” the wire service reported. The drop in natural gas extraction meant that Bolivia had difficulty meeting its export contracts and created shortfalls in supplies for the domestic market, according to Reuters. Production at the natural gas site is scheduled to begin in June.

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Saborío, that his anti-establishment proposal is a better option than the experience and teamwork that Figueres offers. Both candidates are pro-business, and the ideological differences in the economic field are few, although Figueres is an advocate of a more interventionist and dirigiste state, which Chaves accuses of crony capitalism and corruption. Preliminary results show a Legislative Assembly with a 19 of 57 seats, followed by the PUSC, with 10 and the PSD with nine. This will force whoever wins to look for alliances that will allow for agreements that favor the governability of the country.”

A **Bruce M. Wilson, professor of political science at the University of Central Florida:** “While it is difficult to say which candidate has the edge in the April 3 runoff election, Figueres may have a slight advantage because he was the largest vote winner in the first round, has one of the most famous last names in Costa Rica and is widely known as a former president. But Costa Rican elections can pivot very quickly as was just shown when outsider Rodrigo Chaves jumped from 8 percent support in the final poll before the election to 16 percent and then to second place on election day. According to polls, voters’ top three concerns are unemployment, corruption and inflation. Both candidates present themselves as strong on economic growth with similar center-right ideas about governance. So, for voters the biggest differences between the two candidates might be the scandals that follow both of them. Figueres, for his part, resigned as leader of the World Economic Forum in 2004 due to a corruption scandal, the second most important issue for voters. Chaves was demoted at the World Bank after a sexual harassment investigation. In the second-round, voters will only have to focus on the remaining two candidates rather than 25 candidates in the first round. No matter who wins the runoff, Sunday’s Legislative Assembly results suggest the next president

will have a very difficult job governing the country. Figueres’ party, the PLN, won 19 of the 57 seats in the assembly, while Chaves’ party, PPSD, secured just nine seats. To pass most bills, 29 votes are required.”

A **James Bosworth, author of the Latin America Risk Report:** “Figueres wants moderate economic reforms while Chaves has pointed toward a greater preference for austerity. In addition, Figueres is more likely to have a working majority coalition among the very divided Legislative Assembly because his party is the largest and will be building that coalition from the center of the assem-

“The second round will be about character rather than policy.”

— James Bosworth

bly instead of the right side of the political spectrum. However, the second round will be about character rather than policy. Figueres is beginning his runoff campaign by focusing on respect for women, a clear attack against reports that Chaves mistreated female subordinates while at the World Bank. There are also serious questions about Chaves’ campaign finance mechanisms, which could lead to additional corruption allegations. While Chaves will attempt to respond by attacking some older corruption allegations against Figueres, there is a clear imbalance in terms of which side is worse. Figueres has several additional advantages going into the second round. The first-round results demonstrate a strong base of support, while Chaves’ late surge with a brand new party may find a hard time consolidating his gains. Figueres is likely to gain the endorsement of a number of his first-round rivals, both due to ideological preferences and the fact that many of them simply don’t like Chaves as a person.”

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A **Pablo Duncan-Linch, senior partner at CLC-LLYC:** “Costa Rican elections once again proved unpredictable, as most of the polls initially suggested a runoff election between former President José María Figueres of the PLN and former Vice President Lineth Saborío of the PUSC. In the end, former World Bank official and Finance Minister Rodrigo Chaves took second place. The results also include the excellent performance in the Central Valley by the libertarian leaning Partido Liberal Progresista and the leftist Frente Amplio, which add up to 20

“**Costa Rican elections once again proved unpredictable...**”

— Pablo Duncan-Linch

percent of the Legislative Assembly. Voters wanted a change due to the erosion of the current ruling party, but they wanted a ‘safe change,’ that is, leaders with experience and knowledge of government issues. This second part of the campaign could focus more on policy and economic issues, as both candidates have impeded issues regarding scandals, upsetting some voters. Figueres initially has more support. However, the key for the candidates is to attract voters who cast ballots for other options, especially Alvarado, Saborío, and Feinzaig, some of whom could be more sympathetic to Chaves. Both Figueres and Chaves have extensive credentials and will seek to distance themselves from the current government and personify a ‘safe change.’ The challenge is that Chaves was a cabinet member in the current administration, and Figueres supported the current president in the last election. The Legislative Assembly will continue to be complex, but it seems that it will have more

homogeneity. The leadership of deputies such as Rodrigo Arias, Eliécer Feinzaig and Fabricio Alvarado can generate scenarios of greater governability.”

A **Carlos Denton, executive director of CID/Gallup:** “Voters in Costa Rica made their selection in Sunday’s election based on the urgent need to resolve the country’s unemployment rate (expected to reach 17.5 percent this year), the declining value of the currency (with a concomitant rise in the cost of living) and the need for growth in foreign investment. They picked as candidates for the runoff former President José María Figueres, who was directly responsible for creating a ‘San José South’ during his four-year term, from 1994 to 1998. He personally convinced companies such as Intel and Hewlett-Packard to install operations in free zones, and these led to many others including many in the medical area. Rodrigo Chaves, who has a PhD in economics from The Ohio State University, had been country director for the World Bank in several developing nations that with his help managed to turn around. Both Figueres and Chaves were able to stand out among the 25 candidates with specific, understandable and attractive plans to cure their country’s ills. Figueres has a more traditional campaign structure and strategy, while Chaves, representing a new political party, has a much more aggressive group. Many were expecting a severely fragmented legislature, with 38 parties vying for a seat, but the voters selected only six parties to serve. It will be possible to construct alliances that can develop, along with the president, solutions to the problems facing the country.”

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

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