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FEATURED Q&A

Who Will Brazilians Choose for the Next Four Years?



Former Brazilian President Luiz Inácio Lula da Silva is seeking to unseat current President Jair Bolsonaro (L-R) in the country's presidential election. Voters head to the polls on Sunday. // File Photos: Facebook Pages of Luiz Inácio Lula da Silva and Jair Bolsonaro.

Q Brazilians cast ballots on Sunday in the first round of the country's presidential election and will also choose members of Congress and state governors. Former President Luiz Inácio Lula da Silva has consistently led in polls, but incumbent President Jair Bolsonaro has been gaining ground with voters. If no one receives more than 50 percent of the vote, the two top vote-getters will face each other in a runoff on Oct. 30. What will be the deciding factors for voters in the first round of the election? Which voting blocs hold the key to the result? How likely is Bolsonaro, who has repeatedly questioned the country's voting system, to accept the outcome if he loses? What institutions in Brazil might be put to the test in resolving any potential conflicts?

A Peter Hakim, member of the Advisor board and president emeritus of the Inter-American Dialogue: "Lula will win the election, hands down, perhaps in the first round or surely in the second. Reliable polls show Lula with a commanding lead of 12 to 16 points. The question is whether, regardless of the outcome, Bolsonaro, like his idol Donald Trump, will insist the election was stolen and resist stepping down. What happens next is all speculation. Will there be massive, possibly violent demonstrations from rabid Bolsonaro allies, whom police are unwilling or unable to control—and may even support? Will Brazil's military protect democracy, stand aside or support the false claims? The narrower the Lula victory, the more likely that Bolsonaro will contest the results. Still, there will be forces pushing against Bolsonaro. Many Brazilian institutions have shown their resilience. Governors,

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TODAY'S NEWS

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Experts Probing Iguuala Case Blast Attorney General

A group of experts that is investigating the case of the 43 university students who went missing in 2014 in Mexico's Guerrero state criticized the attorney general over the probe.

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ECONOMIC

Colombia Hikes Key Interest Rate to 10 Percent

Colombia's central bank on Thursday increased its key interest rate by 100 basis points to 10 percent. Six board members voted for the increase, while one voted for a 50-basis-point hike.

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ECONOMIC

Chile Planning to Raise Spending by 4.2 Percent Next Year: Boric

Chilean President Gabriel Boric on Thursday presented his budget for the coming year, saying his government wants to increase spending by 4.2 percent.

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Boric // Photo: Chilean Government.

POLITICAL NEWS

Experts Probing Iguala Case Blast Attorney General

A group of experts that is investigating the case of the 43 university students who disappeared from the city of Iguala in Mexico's Guerrero state in 2014 on Thursday criticized Attorney General Alejandro Gertz Manero, saying he improperly interfered in the case and created "obstacles" to justice in an effort to show results, the Associated Press reported. The Interdisciplinary Group of Independent Experts, which was created by the Inter-American Commission on Human Rights, spoke to reporters two days after Omar Gómez Trejo, the special prosecutor who had been leading the government's investigation of the case since 2019, resigned. The experts' group said Gertz Manero had blocked Gómez Trejo's work. One member of the experts' group said Gómez Trejo had been unwilling to follow orders that had "no justification," the AP reported. Among the instances of undue influence on the part of the attorney general's office was the cancellation without explanation of 21 arrest orders, including for 16 members of the military, that the office had previously announced. Mexican President Andrés Manuel López Obrador has expressed support for the cancellation of the arrest orders and has said those who are critical of the government's investigation of the case apparently think "it is going to generate a rebellion in the army," the AP reported. Alejandro Encinas, the head of the government's truth commission, said later on Thursday that "no one has pressured me" and denied politicization of the probe. The truth commission has encountered "multiple obstacles" to truth and justice in the case, Maureen Meyer, a vice president at the Washington Office on Latin America, told the Advisor in a [Q&A](#) published Sept. 6. "These obstacles include difficulties in accessing information, the illegal obtaining of evidence through torture, evidence that was mishandled or destroyed, and the deaths of 26 people connected to the case," she said.

ECONOMIC NEWS

Mexico's Central Bank Hikes Key Rate by 75 Basis Points

Mexico's central bank on Thursday increased its interest rate by 75 basis points to a record 9.25 percent, in line with a similar trend of monetary tightening around the world in a bid to curb inflation, Reuters reported. The hike was the third consecutive increase of that size and the 11th consecutive increase in the reference interest rate overall, The Wall Street Journal reported. Mexico's annual inflation rate stands at 8.76 percent, well above the central bank's target of 3 percent. "Greater-than-anticipated inflationary shocks" are among the key global risks facing the country's economy, the Bank of Mexico said in a statement, adding that those shocks "will take longer than expected to dissipate." Policymakers said they will continue to monitor changes ahead of their next policy decision. Carlos Morales, director for Latin America sovereigns at Fitch Ratings, said he expects the central bank to hike its key interest rate to 10 percent by the end of the year, Reuters reported. "We anticipate the Bank of Mexico will continue its policy tightening to avoid further de-anchoring of inflation expectations against a backdrop of stubbornly high inflation," he said, The Wall Street Journal reported. As an environment of uncertainty prevails, indicators of economic activity and growth levels are suggesting a continued slowdown in the third quarter relative to the first half of the year.

Chile Planning to Raise Spending by 4.2 % Next Year: Boric

Chilean President Gabriel Boric announced Thursday that his government's budget for the coming year will seek to increase fiscal spending by 4.2 percent, Bloomberg News reported. Boric's administration is under pressure to

NEWS BRIEFS

One Person Killed in Fire at Paraguay's Election Agency

A fire broke out at Paraguay's national electoral agency on Thursday, killing one official and casting doubts on the prospects for elections scheduled for upcoming months, Reuters reported. Primaries are scheduled for Dec. 18 and general elections on April 30. President of the Superior Court of Electoral Justice (TSJE), Jaime Bestard, said in a statement the fire damaged some 8,500 voting machines. The causes of the fire are unclear.

Colombian Central Bank Raises Benchmark Rate by 100 Basis Points to 10%

Colombia's central bank on Thursday raised its benchmark interest rate by 100 basis points, to 10 percent, as consumption levels and inflation remain high, Reuters reported. Six central bank board members voted to approve the 100 basis-point hike, while one voted for an increase of 50 basis points. In a survey that Reuters released on Thursday, 16 analysts said they expected an annual inflation rate of 11.42 percent this year in Colombia.

Costa Rica to Suspend Preferential Tariffs for Panamanian Products

Costa Rica's foreign trade minister, Manuel Tovar, announced on Thursday that the country will suspend preferential tariffs for Panamanian products, saying Panama failed to comply with a 2021 ruling regarding the trade in tomatoes, Reuters reported. The latest move in a trade dispute that started in 2020, the disagreement is the subject of a lawsuit at the World Trade Organization. "We are ready to go all the way," Tovar said in a statement. The two countries entered a free trade agreement in 2008, and Panama is the fifth-largest market for Costa Rican products.

raise the level of social services in the country without worsening inflation that is running above target. "In a context of lower tax revenues due to the adjustment of the economy, we will increase spending, ensuring the continuity of good public policies and mobilizing a significant amount of resources for economic recovery," said Boric. The budget is subject to congressional approval, and lawmakers have 60 days to debate it. [Editor's note: See related [Q&A](#) on the Chilean government's plan to raise investment in Monday's issue of the Advisor.]

BUSINESS NEWS

Growth Stalling in Argentina's Oil Sector: Executives

Growth of Argentina's oil and gas production is stalling amid equipment and transport bottlenecks, energy executives said Thursday at an energy conference, Reuters reported. The country's gas production is amounting to 132 million cubic meters (mmcmd) per day, and crude oil production at 559,000 barrels per day (bpd), down from peaks of 142 mmcmd in 2004 and 847,000 bpd in 1998, respectively, the wire service reported. In the Vaca Muerta shale region in Neuquén province, 34 drilling rigs are operating, but there is a need for 19 more, Omar Gutiérrez, Neuquén's governor, said at the conference. Rystad Energy's vice president of shale research, Alexandre Ramos added, "we are seeing historically high gas production in Neuquén, so upcoming expansions are critical to allow Vaca Muerte to satisfy demand." Also at the conference, Horacio Marin, the production chief at Tecpetrol, said the province could double its crude oil production by 2030, with investments of up to \$19 billion in drilling and infrastructure. Construction of a new gas pipe linking Vaca Muerte to hubs in the north will begin next month, Reuters reported. The investments in Argentina's Vaca Muerte shale will reach some \$5.5 billion ahead of the new pipeline project, Upstream reported.

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mayors, the courts, the news media, business leaders and civil society groups, for example, effectively resisted Bolsonaro's vulgar indifference to the pandemic. Despite the president's objections, Brazil's Supreme Court freed Lula from jail and restored his right run for president. Many Bolsonaro-appointed officials were forced from office for irregularities or incompetence. Despite its extensive presence throughout Bolsonaro's government, the military has little reason to keep him in power illegally, a step that would further polarize the nation and provoke increased political violence. Brazil would be scorned by many of its South American neighbors, and its relations with the United States and other critical economic and diplomatic partners would be endangered. Brazil would pay a high price if it fails to respect the election results. But governing Brazil, not regaining the presidency, will be Lula's most difficult challenge. He faces the monumental tasks of unraveling the damages inflicted by Bolsonaro. Critical institutions must be rebuilt, confidence and competence restored in government, and a long sluggish economy reactivated at a time of global economic insecurity. Failures on these fronts just might bring about Bolsonaro's return to power in four years."

A Patrick Duddy director of Duke University's Center for Latin American and Caribbean Studies and former U.S. ambassador to Venezuela and consul general in São Paulo: "In a year that has seen the election of decidedly left-leaning presidents in Chile and Colombia, Sunday's presidential contest in Brazil is the most consequential for both the region and the world. The leading candidates, former President Luiz Inácio Lula da Silva and current President Jair Bolsonaro, are both known quantities. For both Lula's and Bolsonaro's supporters, the economy will likely be the most important issue. Brazil remains a country plagued by poverty and income inequality. Recent data suggest the

Brazilian economy is slowly improving, and Bolsonaro has increased cash transfers to the poor. That said, the poor are the traditional core of Lula's support and are expected to remain firmly behind him. Bolsonaro's support comes from the struggling middle class, the military, evangelicals and those particularly worried about crime. For many, the biggest question hanging over the election may be whether Bolsonaro will accept a loss given his disparagement of the electoral system. Bolsonaro's criticism has been unrelenting despite the fact this same system brought him, and, earlier, Lula, into office. Bolsonaro has not offered any convincing evidence that the country's electronic voting system has ever been successfully manipulated, but his repeated criticism has doubtless eroded public confidence in some quarters. A substantial margin of victory for Lula, which polling suggests is possible, might neutralize this danger; a close election, particularly a second-round runoff, could well be contested by supporters of either candidate. The military's support for recognition of the election results and an orderly transfer of power if Lula wins will be key."

A Ana Julia Bonzanini Bernardi, professor of political science at the Foundation School of Sociology and Politics of São Paulo (FESPSP): "Brazilians head to the polls on Sunday, and many of us are scared to protest and apprehensive of violent demonstrations on election day. We fear not only for our safety (67 percent of Brazilians admit they fear political violence, a Datafolha poll showed), but also that the current president will not respect the election result. Recent cases of aggression against left-wing candidates who were campaigning in the streets, as well as ordinary people who expressed their opinions and were attacked by Bolsonaro supporters are elements that are driving undecided voters, or those who would opt for other candidacies in a first

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round, to instead favor Lula immediately. A first-round victory, in addition to reducing three more weeks of campaigning that could become even more violent, decreases the possibility of Bolsonaro contesting the result—although it does not eliminate it. Although Bolsonaro and his supporters have raised suspicions about electoral fraud, about 79 percent of Brazilians trust electronic voting machines and elections, according to a poll by Datafolha. This will be one of the most important elections in Brazil, because at stake is whether we want a more conciliatory political approach, or politics held at gunpoint.”

A **Maggie Shum, assistant professor at Penn State Behrend:** “For many Brazilians, the key deciding factor will be the economy. Doubt-digit inflation, soaring energy prices and slow economic recovery from the pandemic have been a hardship for many Brazilians. Bolsonaro has attempted to win back voters with the Auxílio Brasil cash transfer program and by subsidizing expenses on gas and fuel. It remains to be seen whether his gamble will pay off in the election, or if it is too little, too late. Issues of corruption also loom over voters’ minds. The massive ‘Car Wash’ corruption scandal, which came to light in 2014, has tarnished the reputation of the Workers’ Party (PT) and further polarized society. The salience of corruption, paired with anti-PT sentiment,

will likely drive voters away from Lula. While Lula and Bolsonaro have solidified their bases as shown in recent polls, the more interesting bloc to watch is *Ciro Gomes’* supporters. *Ciro*, the candidate from the center-left Democratic Labor Party (PDT), attracts left-leaning voters who are frustrated with the PT. There are calls for *Ciro* to drop out of the first round and for his supporters to instead vote for Lula, which many assume they would do if the election proceeds to the second round. Depending on their resolve, they may play a critical role in determining whether Lula can cross the 50 percent, plus 1 hurdle and win the election in the first round on Sunday. Electoral losers contesting election outcomes by sowing doubts in the democratic process is an emerging trend. Since the 2020 U.S. election and Donald Trump’s claims of a stolen election, we have seen politicians taking a page from the Trump playbook: Keiko Fujimori declined to concede by leveling unsubstantiated accusations of fraud; and Andrés Manuel López Obrador has targeted Mexico’s National Electoral Institute (INE). With his anti-democratic track record throughout his presidency, and recent attacks on the credibility of Brazil’s voting system, the concern that Bolsonaro would follow Trump’s playbook is not unfounded.”

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