

## BOARD OF ADVISORS

**Diego Arria**  
Director, Columbus Group

**Merike Blofield**  
Professor of Political Science,  
University of Hamburg

**Devry Boughner Vorwerk**  
CEO, DevryBV Sustainable Strategies

**Joyce Chang**  
Global Head of Research,  
JPMorgan Chase & Co.

**Paula Cifuentes**  
Director of Economic & Fiscal Affairs,  
Latin America & Canada,  
Philip Morris International

**Marlene Fernández**  
Corporate Vice President for  
Government Relations,  
Arcos Dorados (McDonald's)

**Peter Hakim**  
President Emeritus,  
Inter-American Dialogue

**Donna Hrinak**  
Director,  
Adtalem Global Education

**Jon E. Huenemann**  
Council Member,  
GLG Inc.

**James R. Jones**  
Chairman,  
Monarch Global Strategies

**Craig A. Kelly**  
Senior Director,  
Int'l Gov't Relations, Exxon Mobil

**Barbara Kotschwar**  
Executive Director, Visa Economic  
Empowerment Institute

**John Maisto**  
Director, U.S. Education  
Finance Group

**Nicolás Mariscal**  
Chairman,  
Grupo Marhnos

**Thomas F. McLarty III**  
Chairman,  
McLarty Associates

**Beatrice Rangel**  
Director,  
AMLA Consulting LLC

**Ernesto Revilla**  
Head of Latin American  
Economics, Citi

**Gustavo Roosen**  
President,  
IESA

**Andrés Rozental**  
President, Rozental &  
Asociados

**Shelly Shetty**  
Managing Director, Sovereigns  
Fitch Ratings

## FEATURED Q&A

# Why Is a Far-Right Libertarian Surging in Argentina's Polls?



Javier Milei has surged in polls to become the front-runner ahead of next month's presidential election in Argentina. // File Photo: Facebook Page of Javier Milei.

**Q** Far-right libertarian presidential candidate Javier Milei is leading opinion polls ahead of Argentina's Oct. 22 presidential election. Among Milei's proposals are dollarizing Argentina's economy, pulling out of the Mercosur trade bloc and relaxing gun laws. What is driving support for Milei, an economist and admirer of former U.S. President Donald Trump? What would his presidency mean for Argentina, and how would dollarization affect the country's economy? How much of a chance do his competitors, ruling party candidate Sergio Massa and center-right opposition candidate Patricia Bullrich, have of being elected next month?

**A** Benjamin Gedan, director of the Latin American Program at the Woodrow Wilson Center: "The election of leftist candidates in recent years throughout Latin America—including in Brazil, Chile, Colombia, Honduras, Mexico and Peru—was widely misinterpreted as evidence of an ideological transformation in the region. As it turned out, voters were mostly expressing anger at conservative incumbent parties. The so-called 'new pink tide' quickly sputtered, as antsy citizens directed their discontent at the new occupants of the presidential palace. The same dynamics are now at play in Argentina. The popularity of the libertarian Javier Milei primarily reflects the unpopularity of the ruling Peronist coalition and frustration with Argentina's traditional political parties. Given the country's prolonged economic stagnation and triple-digit inflation, it is no surprise that Milei's tirades against the political 'caste' resonate with so many voters. Indeed, over the last eight years, Argentine voters watched both center-right and center-left coalitions try

Continued on page 3

## TODAY'S NEWS

### POLITICAL

## U.S., Kenya Sign Deal Ahead of Planned Security Mission to Haiti

The U.S. and Kenyan defense secretaries on Monday signed a cooperation agreement ahead of Kenya's proposed security mission to Haiti.

Page 2

### ECONOMIC

## Colombia's Mining Sector Wants Gov't Assurances, Security: Official

Colombia's mining industry wants to meaningfully contribute in the country's energy transition but needs stability assurances and security, said the head of the country's mining association.

Page 2

### ECONOMIC

## Ecuador's Lasso Eyes Debt-for-Nature Swaps

Ecuadorian President Guillermo Lasso said Monday that he expects the new ecological corridor in the Amazon to attract more debt-for-nature swaps.

Page 2



Lasso // Photo: Wilson Center.

## POLITICAL NEWS

## U.S., Kenya Sign Deal Ahead of Planned Haiti Effort

U.S. Defense Secretary Lloyd Austin and his Kenyan counterpart, Aden Duale, on Monday signed a defense cooperation agreement as the African nation is prepared to lead a security mission to Haiti, the Associated Press reported. Signed in Nairobi, the bilateral agreement will see that the East African nation gets support for a security deployment, including \$100 million pledged by the U.S. government, and will guide the countries' defense relations for the next five years. In August, Kenya volunteered to lead a multinational force to Haiti, which has been plagued by escalating gang violence this year, Al Jazeera reported. Kenya plans to send 1,000 security officers to Haiti, where gangs control much of its capital, Port-au-Prince. The agreement also aims to support Kenya's regional fight against the al-Qaeda linked extremist group, al-Shabab. "The government of Kenya should be widely applauded for its offer to lead an international effort to help restore public security in Haiti," Peter Hakim, president emeritus of the Inter-American Dialogue, told the Advisor on a [Q&A](#) published Aug. 17. "By taking this task, which the United States and several other major nations have been unwilling to do, Kenya has generated a measure of hope for a turnaround in Haiti's accelerating decline," he added.

## ECONOMIC NEWS

## Ecuador's Lasso Expects More Debt-for-Nature Swaps

Ecuadorean President Guillermo Lasso said Monday that he expects the new ecological corridor in the Amazon to attract more debt-for-nature swaps. The "Biocorredor Amazónico"

encompasses the routes along the Napo, Pastaza and Santiago rivers in the Amazon Basin and seeks to promote sustainable management of biodiversity and water resources. "We multiplied Ecuador's water resources by 300 percent and increased the country's forests by 40 percent," Lasso said at the Wilson Center in Washington, in an event co-sponsored by the Inter-American Dialogue and the Atlantic Council. Lasso called biodiversity a new "currency." The Amazon debt-for-nature swap would build on a successful effort completed earlier this year in the Galapagos Islands, one of the world's most biodiverse ecosystems. The South American country bought back \$1.6 billion of outstanding debt and issued new, lower-interest rate bonds backed by a credit guarantee from the Inter-American Development Bank and political risk insurance from the U.S. International Development Finance Corporation. It was the largest debt-for-nature swap ever recorded and represented 10 percent of Ecuador's public debt. Lasso also encouraged other countries in the region to follow similar initiatives, "we have laid out the path," Lasso said, adding that it took the country a year to complete the process. He added that "another effort of this scale would take less time." Lasso is to leave office later this year. In May, he invoked the "cross death" constitutional provision, which dissolved the National Assembly and brought forward legislative and presidential elections. Lasso made that move as lawmakers were seeking to impeach him over embezzlement allegations that he has denied. Ecuador's bonds plunged amid investors' concerns, leaving them in distressed territory, Bloomberg News reported.

## Colombia's Mining Sector Wants Gov't Assurances, Security

Colombia's mining industry needs clear messaging from the government to meaningfully contribute to the country's energy transition and promote investor confidence, the head of the Colombian Mining Association said Monday, Reuters reported. President Gustavo

## NEWS BRIEFS

## Authorities Search for Venezuelan Gang Leader Following Prison Escape

Police across South America are searching for Héctor Guerrero Flores, a Venezuelan gang leader who escaped from a prison he controlled just before authorities raided it last week, BBC News reported today. Flores, the leader of the Tren de Aragua transnational crime gang, had been in and out of the Tocarón prison for more than a decade. In 2012, he escaped by bribing the guards, but he was arrested again in 2013. Under Guerrero Flores's control, the prison resembled a luxury resort, complete with a nightclub, swimming pool and a small zoo.

## CleanTech Lithium Plans Production at Chile Project in 2027

CleanTech Lithium, a sustainable lithium explorer and developer, said a study it conducted at its Francisco Basin project in Chile confirmed expected potential, and production will begin in 2027, Dow Jones reported today. The lithium company estimated an annual production of 20,000 metric tons of battery-grade lithium carbonate for a production period of 12 years. Taxes and royalties are expected to generate some \$2.5 billion over the production period. A resource drill program is to start in this year's fourth quarter.

## Mexico's Kapital Invests \$50 Million in Purchase of Banco Autofin

Mexican financial technology company Kapital has invested \$50 million in the purchase of Banco Autofin México, Contexto reported last Friday. Through the acquisition, Kapital is planning to offer several products, including credit cards, automated investments and artificial intelligence-driven services. Kapital is also planning to strengthen its digital channels.

Petro has pledged to wean the country off its dependence on fossil fuels and halt open pit mining in locations where communities oppose it. The mining industry requires stability assurances and security in regions where projects are located, ACM President Juan Camilo Nariño told Reuters in an interview. "The field of exploration ... needs clear messages from the government, firstly conveying that this is a government that wants this investment, and secondly, [it] needs adequate security conditions," Nariño said, referring to attacks on mining companies and protests that block operations. Earlier this year, 79 police officers and nine oilfield workers were taken hostage during protests in the southern province of Caquetá, BBC News reported. One police officer and a civilian were killed amid the unrest. This year, mining companies in Colombia will pay some 15.9 trillion pesos (\$4 billion) in taxes and royalties, Nariño said, up from a record 6.13 trillion pesos (\$1.32 billion) in royalties in 2022. Nariño added that the government needs to consider where the funds will be allocated and how they will support the president's agenda, including improving health care and addressing inequality, Reuters reported. "[The government] needs to reflect deeply on how to build a competitive framework. If not, the investment will go elsewhere," Nariño said.

## BUSINESS NEWS

# Mercado Pago Blasts Argentine Central Bank Measure

Mercado Pago, the financial technology unit of e-commerce giant Mercado Libre, on Monday criticized a central bank measure that separates platforms between debit payments and transfers, Bloomberg News reported. The decision means that "more than four million people are going to have challenges adding money to their digital Mercado Pago account," the unit said. The central bank said the move is an anti-fraud effort, but Mercado Pago said test trials have caused widespread failures.

## FEATURED Q&A / Continued from page 1

and fail to control inflation and generate consistent economic growth. Instead, the Juntos por el Cambio and Peronist administrations produced severe economic disorder. In that context, this year's election offered fertile ground for a political outsider. The voto bronca should not be misinterpreted; there is little evidence of a massive conversion to libertarianism. The crowds at Milei's rallies are not inspired by his promises to liberalize gun ownership, permit the sale of human organs, criminalize abortion, privatize state-owned enterprises or 'chainsaw' the federal budget. That will become clear should Milei win the presidency and attempt dramatic fiscal austerity and structural reform. Instead of cheering crowds at political rallies, he will see angry demonstrations paralyzing downtown Buenos Aires."

**A Bruno Binetti, nonresident fellow at the Inter-American Dialogue:** "Support for Milei is fueled by anger toward the two traditional coalitions, which many Argentines blame for the disastrous state of the economy. In a context of high inflation, a plummeting peso and no net GDP growth for over a decade, Milei's ultra-liberal proposals and his anti-politics message resonate with voters. However, this does not mean that Milei's ideas are feasible. Dollarization, his star proposal to eliminate inflation, would require vast amounts of dollars that the Argentine state does not have and is unlikely to obtain, given its \$44 billion debt with the International Monetary Fund, negative central bank reserves and mounting debts to the private sector. It is also unclear how Milei expects to fulfill his promise of cutting public spending by 15 percent without worsening Argentina's socioeconomic crisis and with his party in a minority in both houses of Congress. Similarly, Milei's rants against Brazil and China, Argentina's largest trading partners, would only hurt the economy if he acted in a hostile way toward them as president. Many Argentines would rather jump

into the unknown with Milei than risk continuing with the status quo. Right now, the most likely scenario is a runoff in November between Milei and incumbent Economy Minister Sergio Massa, who is supported by a weakened but still powerful Peronist party. The traditional center-right led by Patricia Bullrich has done well in many provincial elections but is finding it difficult to gather support for its 'responsible change' given widespread discontent."

**A Laura Gómez-Mera, associate professor in the Department of Political Science at the University of Miami:** "Frustration and disappointment with the failure of both the center-right and the left to deliver anything but hardship are behind Javier Milei's support. His outsider status and his unhinged attacks on the political 'caste' have resonated with many Argentines, young and old, rich and poor. Young voters are not only captivat-

**“ Frustration and disappointment with the failure of both the center-right and the left to deliver anything but hardship are behind Javier Milei's support.”**

— Laura Gómez-Mera

ed by his eccentric long-hair rocker look and his bold, confrontational style, they are also hopeless about the lack of opportunities and their bleak future prospects, and they see him as a much-needed change. Interestingly, the analysis of voting patterns in the Buenos Aires conurbano shows that Milei has taken away from Peronism a significant share of votes among the lowest income groups. At least in the short term, many of these low-income voters would be adversely affected by some of his proposed economic reforms.

Continued on page 4

## FEATURED Q&amp;A / Continued from page 3

At the same time, it is these lowest income households that are disproportionately affected by high inflation, explaining both their vote and their support for dollarization. This quite extreme alternative is likely to deliver price stability, just like the currency board did in the 1990s. Yet, at this stage, it is not clear how it would be operationalized in a reserve-less economy like Argentina's. In the long-run, giving up such an important economic policy tool may end up harming some of those who now support it."

**A** **Jorge Heine, research professor at the Pardee School of Global Studies at Boston University and former Chilean ambassador to China:** "What drives support for Javier Milei is the extraordinary deterioration of Argentina's economic situation, which makes many Argentines struggle to get to the end of the month. As of August, inflation had reached 80.2 percent, and the poverty rate hit 43.2 percent. Social peace has been kept through massive social subsidies (reaching 20 million people, a little under half of the population), which in turn fuels inflation and increases government debt. This creates a vicious circle of which the country cannot seem to get out. After 40 years of its transition to democracy, Argentina, despite its

enormous natural riches and a highly skilled labor force, has been unable to come up with an economic model that delivers growth and prosperity. Milei has tapped into the ensuing discontent with the Argentine political class and the two established coalitions. Dollarizing the economy (and closing the central bank, another promise of his), though providing some short-term inflationary relief, would do little to address the underlying structural problems of the Argentine economy. It would also severely limit the policy options of policymakers, and put the country in a cul-de-sac that would be difficult to escape. Quitting Mercosur would isolate the country within South America and strain relations with Brazil, a key trading partner. Much can happen with less than a month to go before the election. Argentine polls are notoriously unreliable, and Milei does not have a party structure to get out the vote and staff the polling places, something especially important in Argentina, given the way elections are managed. However, all indications are that Milei is the candidate to beat, and that there is a good chance he will emerge as the winner of the first round of the election."

*The Advisor welcomes comments on its Q&A section. Readers can write editor Gene Kuleta.*

## LATIN AMERICA ADVISOR

is published every business day by the Inter-American Dialogue ISSN 2163-7962

**Gene Kuleta**  
Editor

**Lara Kovandova**  
Reporter

**Nili Blanck**  
Reporter



**Rebecca Bill Chavez**, President

**Bruno Binetti**, Nonresident Fellow

**Sergio Bitar**, Nonresident Senior Fellow

**Álvaro Botero**, Nonresident Senior Fellow

**Joan Caivano**, Senior Advisor

**Kevin Casas-Zamora**, Nonresident Senior Fellow

**Cristóbal Cobo**, Nonresident Senior Fellow

**Ariel Fiszbein**, Director, Education Program

**Sandra García Jaramillo**, Nonresident Senior Fellow

**Rasheed Griffith**, Nonresident Senior Fellow

**Peter Hakim**, President Emeritus & Senior Fellow

**Selina Ho**, Nonresident Senior Fellow

**Edison Lanza**, Nonresident Senior Fellow

**Nora Lustig**, Nonresident Senior Fellow

**Michael Matera**, Nonresident Senior Fellow

**Ángel Melguizo**, Nonresident Senior Fellow

**Margaret Myers**, Director, Asia Program

**Manuel Orozco**, Director, Migration, Remittances and Development Program

**Jeffrey Puryear**, Senior Fellow

**Michael Shifter**, Senior Fellow

**Daniela Stevens**, Director, Energy Transition and Climate Program

**Tamara Taraciuk Broner**, Director, Peter D. Bell Rule of Law Program

**Lisa Viscidi**, Nonresident Senior Fellow

**Carlos Winograd**, Nonresident Senior Fellow

**Latin America Advisor** is published every business day, except for major U.S. holidays, by the Inter-American Dialogue at 1155 15th Street NW, Suite 800 Washington, DC 20005 [www.thedialogue.org](http://www.thedialogue.org)

The opinions expressed by the members of the Board of Advisors and by guest commentators do not necessarily represent those of the publisher. The analysis is the sole view of each commentator and does not necessarily represent the views of their respective employers or firms. The information in this report has been obtained from reliable sources, but neither its accuracy and completeness, nor the opinions based thereon, are guaranteed. If you have any questions relating to the contents of this publication, contact the editorial offices of the Inter-American Dialogue. Contents of this report may not be reproduced, stored in a retrieval system, or transmitted without prior written permission from the publisher.

LATIN AMERICA ADVISOR

# Energy Advisor

The answers to questions that informed executives are asking ... every week.

Upgrade your subscription with the Inter-American Dialogue's weekly Energy Advisor. Send an email to [gkuleta@thedialogue.org](mailto:gkuleta@thedialogue.org) today.

SUBSCRIBE