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FEATURED Q&A

Who Has the Edge in Argentina's Race for President?



Economy Minister Sergio Massa (pictured) won the most votes in the first round of Argentina's presidential election on Sunday. He faces libertarian Javier Milei in a runoff next month. // File Photo: Facebook Page of Sergio Massa.

Q Argentina's ruling Peronist coalition exceeded expectations in Sunday's presidential election in Argentina as Economy Minister Sergio Massa emerged as the top vote-getter, with far-right libertarian Javier Milei coming in second. With no candidate garnering enough votes to win the election outright, Massa and Milei now head to a runoff on Nov. 19. What are the main reasons behind Sunday's result, and to what can Massa attribute his strong showing? What factors between now and the second round will decide the election? What's at stake for Argentines as they choose next month between Massa and Milei?

A Juan Cruz Díaz, managing director at Cefeidas Group in Buenos Aires: "Given the three-way tie of the primaries, a runoff was likely. However, Sergio Massa's performance was unexpected considering the sharp economic deterioration that took place before the election. After coming third in August, the economy minister successfully mobilized governors, mayors and trade unions to exploit the Peronist movement's historical territorial capillarity and regain control of the provinces lost in the primaries. This was complemented by a solid narrative in which he filled the existing vacuum at the center of the political spectrum and portrayed himself as a moderate and consensual candidate. His narrative also capitalized on the existing fear in many sectors of society of Milei and his proposals. Facing the runoff, the 33.34 percent of people who voted for neither Massa nor Milei will play a key role, especially the six million who voted for Patricia Bullrich. Although the Juntos por el Cambio (JxC) candidate is ideologically closer to Milei,

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Suriname Offers Swap of Bonds Linked to Oil

Suriname has offered to swap \$675 million of dollar bonds, including ones linked to oil royalties, as part of a debt restructuring deal.

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TerraPay, Nequi Partner on Remittances to Colombia

London-based cross-border payments network TerraPay announced today that it is partnering with Colombian digital financial platform Nequi to enhance remittance services in Colombia.

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Crime, Violence at New Highs in Haiti: U.N. Envoy

Serious crimes have reached new highs in Haiti as gangs commit murders, rapes, kidnappings and other serious crimes, María Isabel Salvador, the United Nations special envoy for Haiti said Monday.

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Salvador // File Photo: United Nations.

POLITICAL NEWS

Crime, Violence Reach New Highs in Haiti: U.N. Envoy

Serious crimes have reached new highs in Haiti and are devastating the lives of Haitians, the United Nations special envoy for the Caribbean nation said Monday, the Associated Press reported. The envoy, María Isabel Salvador, told the U.N. Security Council that gangs in Haiti commit murders, rapes, kidnappings and other major crimes. Among the recent incidents that Salvador cited was one last week in which gang members posing as police officers kidnapped the secretary general of Haiti's High Transitional Council, which is seeking to oversee that long-delayed elections are carried out, the AP reported. The security crisis in Haiti has worsened as vigilante groups have been fighting the gangs. Between April 24 and Sept. 30, the United Nations' political mission in Haiti "registered the lynching of at least 395 alleged gang members across all 10 departments of Haiti by the so called 'Bwa Kale' vigilante movement," said Salvador, the wire service reported. Catherine Russell, the head of U.N. children's agency UNICEF expressed similar concerns. "The crisis in Haiti grows worse by the day," Russell told the Security Council. Approximately two million Haitians, including 1.6 million women and children, live in areas that are under the control of gangs. Children have been injured and killed in crossfire, including when they are on their way to school, she said. "Others are being forcibly recruited or they are joining armed groups out of sheer desperation," Russell added, the AP reported. Half of Haiti's population, including three million children, are in need of aid, and about half that number are not getting it because of a lack of funding and insecurity, Russell said, the wire service reported. This year, the United Nations has received only about a quarter of the \$720 million that it needs for humanitarian relief in Haiti, she added. The Security Council on Oct. 2 approved a resolution authorizing a Kenya-led multinational force to help fight gangs in Haiti.

While Kenya's presidential administration has approved the deployment, the country's Parliament has not signed off on it. A Kenyan court has extended an order blocking the deployment for an additional two weeks, the AP reported today. Haitian Prime Minister Ariel Henry asked for international help a year ago to battle gangs. "Maintaining security will require a far better trained, equipped and paid Haitian police force," Peter Hakim, president emeritus of the Inter-American Dialogue, told the Advisor in an Aug. 17 [Q&A](#). The time frame "will almost surely be longer than a single year," he added.

ECONOMIC NEWS

Suriname's Gov't Offers Swap of Bonds Linked to Oil

Suriname has offered to swap \$675 million of dollar bonds, including ones linked to oil royalties, as part of a debt restructuring deal, Bloomberg News reported. The government said in a statement Monday that it is inviting investors of debt that is due 2023 and 2026 to exchange their holdings for new 10-year bonds that have a 7.95 percent interest rate. Suriname will also issue notes that will not pay out until after the government receives at least \$100 million in oil royalties from Block 58, an offshore reserve, Reuters reported. Officials plan to allocate 30 percent of annual royalties to make payments on the instrument until it matures in 2050. Dubbed a value recovery instrument, the new security "is structured to ensure that Suriname will benefit from a significant majority of anticipated oil production proceeds while enabling noteholders to receive adequate repayment of their claims in a timely manner," a committee of bondholders backing the deal wrote in an email statement. The committee's members collectively hold more than the 75 percent required in each of the notes to trigger collective action clauses and apply the restructuring terms to all outstanding notes. Suriname will continue debt talks with China next month.

NEWS BRIEFS

At Least 19 Killed in Mexico's Guerrero, Michoacán States

At least 19 people were killed Monday in Mexico's Guerrero and Michoacán states, including a local security secretary and 12 police officers who were killed in the town of El Papayo in Guerrero, authorities said, the Associated Press reported Monday. One more person was killed in Guerrero's state capital; five others, one a police officer, were also slain in Michoacán, officials said.

Demonstrators Opposed to Copper Mine Clash With Police in Panama

Demonstrators blocked streets across Panama on Monday objecting to a government contract that would continue copper mining in a biodiverse region, the Associated Press reported. Protesters handed out fliers in some peaceful actions but were tear gassed by police in others. Teachers' unions, construction unions and environmentalists led the demonstrations against the open-pit copper mine operated by Minera Panama, a unit of Canadian mining company First Quantum, in the western state of Colón.

Petrobras Bylaws Changes Will Reportedly Allow Political Appointments

Brazil's Petrobras said Monday that its board approved a change to the state oil company's bylaws in a move that two people familiar with the matter told Reuters would allow politicians to occupy top positions there. The change is subject to approval by shareholders and would reverse rules implemented in 2016 following a new law designed to curb political influence at state-run firms. Brazil's Supreme Court has yet to rule on that law's constitutionality, the wire service reported.

BUSINESS NEWS

TerraPay, Nequi Partner on Colombia Remittances

Britain-based cross-border payments network TerraPay announced today that it has formed a partnership with digital financial platform Nequi in order to enhance remittances services in Colombia. The agreement will allow Colombians to receive remittance transfers from senders around the world, TerraPay said. “Underpinned by TerraPay’s payments technology, Nequi users will have access to an easy-to-use financial app, without long queues, long waiting times, secure experience and without any additional fees for the beneficiary,” TerraPay said in a statement. “Nequi’s financial expertise along with TerraPay’s digital payment solutions will ensure more people can gain better access to financial products and services and greater autonomy over their money,” it added. Users will be able to use Nequi’s app in order to manage the remittances they receive, TerraPay said. TerraPay has 29 licenses and regulatory approvals globally, as well as “real-time transaction and risk monitoring capabilities,” TerraPay’s co-founder and chief executive officer, Ambar Sur, said in a statement. After receiving remittance payments through Nequi, users will be able to send money to others as well as make digital and physical payments, save and perform other transactions, Nequi’s chief product officer, María del Pilar Correa, said in a statement. The partnership with TerraPay will allow the companies to “help pave the way for financial inclusion,” she said. Nequi has more than 17 million users in Colombia and Panama, with 12 million active users per month, the company said. TerraPay is headquartered in London and has received funding from investors including the World Bank’s International Finance Corporation, Prime Ventures, Partech Africa and Visa. [Editor’s note: See [Q&A](#) about the factors driving growth in remittances in the Oct. 4 issue of the Dialogue’s biweekly Financial Services Advisor.]

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her votes will not necessarily be automatically transferred to him. Milei has frequently lashed out at JxC, and his antiestablishment rhetoric does not go down well with the coalition’s more moderate sectors. The economic situation will also be critical, since if it worsens, it will be more difficult for Massa to defend his administration and easier for Milei to attack him. The next challenge for both candidates will be to consolidate the votes they won in the general election and use the post-election momentum to further expand their vote share.”

A **Kezia McKeague, regional director at McLarty Associates:** “Massa confounded expectations for a sitting economy minister unable to tame rampant inflation. An astute politician, he relied on Peronism’s capacity to mobilize the electorate as well as a raft of pre-election cash handouts and tax breaks. Most importantly, he benefited from a divided opposition, which led to the third-place finish for Patricia Bullrich of the Juntos por el Cambio coalition, once the heavy favorite to win the presidency. Massa’s performance was mediocre by Peronism’s historical standards, but his efforts to occupy the political center—and foment fears of Javier Milei’s free-market policies and conservative social agenda in a country known for clientelist politics—proved effective against two candidates on the right. On Nov. 19, much will depend on the choice made by Juntos por el Cambio voters in a context of uncertainty about the future of the center-right coalition (and a real risk of fragmentation). Massa has made a direct appeal to the Radical party, and he also enjoys close personal relationships with PRO leaders like Horacio Rodríguez Larreta. Massa will continue to compete for centrist voters, as seen by recent rhetoric about his plan for a ‘national unity government.’ Likewise, Milei is making a direct pitch to the defeated anti-Peronist coalition, commenting in his election-night speech that ‘all of us

who want a change have to work together.’ Former President Mauricio Macri had clearly signaled support for Milei in the scenario of a Bullrich loss in the first round, and Bullrich herself refrained from criticizing the libertarian candidate in her concession speech, even as she directly attacked Massa. The ultimate second-round result is uncertain and likely to be closely contested. What is at stake depends on whom you ask in a highly polarized country—some would say macroeconomic stability and others democratic governance itself.”

A **Benjamin Gedan, director of the Latin America Program at the Woodrow Wilson Center:** “Javier Milei was underestimated before Argentina’s primaries, oversold before the first round and is now being underestimated yet again. All along, he has been a flawed candidate. He has little experience, a small team, and a polarizing style. His colorful quirks, from his mopy hair to his cloned dogs, suggest a welcome departure from business-as-usual politics. But his eccentric platform is less appealing to Argentines who do not share Milei’s opposition to abortion, commitment to gun ownership, denial of climate change or disdain for Pope Francis. Milei’s promise to ditch the peso is intriguing in a country where everyone is already hooked on dollars. But his plan to ‘chainsaw’ the federal budget strikes fear in the hearts of voters who are struggling to ‘get to the end of the month,’ as they say in Argentina, and who are not eager to see prices skyrocket for water, electricity, natural gas, buses and trains. Nevertheless, Milei is still the front-runner. The Peronist government is deeply unpopular and wildly unsuccessful. Its candidate, Finance Minister Sergio Massa, is running the economy into the ground. Though he finished first on Sunday, the combined votes of the two opposition candidates far exceeded his total. When Massa announced his candidacy, his center-right opponent, Patricia Bullrich,

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concluded, 'the arsonist wants to be the fire-fighter.' Milei will make a similar argument. In the first debate, Massa apologized for the government's record, but did not explain how he would perform any better as president. Some analysts say Sunday's results show the 'voto miedo' (fear vote) is overtaking the 'voto bronco' (protest vote). Massa is betting on it, but only because he has no other path to the presidency."

A **Horacio Verbitsky, director of elcohetelaluna.com in Argentina:** "Massa's victory on Sunday was as surprising as Milei's in the August primaries. The excessiveness of libertarian Milei's proposals, but also those conservative Patricia Bullrich, explain why Economy Minister Massa prevailed at a time that annualized inflation is around 150 percent. Bullrich promised to exterminate Kirchnerism, and in one of her commercials showed a high security prison that would bear the name of Cristina Fernández de Kirchner. Milei proposed breaking relations with China, leaving Mercosur, moving the Argentine embassy to Jerusalem, privatizing streets and rivers, and buying and selling organs and babies. His ideological mentor Alberto Benegas Lynch Jr. proposed suspending relations with the Vatican. Milei had said that Pope Francis sympathized with the communists. The candidate's image advisor also announced a bill that would allow men to renounce paternity. He cited his grandmother as a source of authority, according to whom some women puncture condoms in order to entrap men. Faced with these absurdities, the support for Massa is a defensive reflection of Argentina's democracy, which turns 40 this year. The result of the runoff, on Nov. 19, will depend on what happens with the Together for Change vote. The UCR and those who voted for Horacio Rodríguez Larreta in the primary could accept Massa's offer of national unity. The followers of former President Mauricio Macri would lean toward Milei. In any case, the political

landscape would be substantially different from the current one."

A **Mariano Machado, principal analyst for the Americas at Verisk Maplecroft:** "The latest plot twist demonstrates that the Peronist political machinery is alive and well and can effectively mobilize voters in key traditional bastions when it provides economic incentives. However, what stands out is Massa's ability to decouple himself from the extremely poor performance of the sitting administration, all while carefully positioning himself as the 'last man standing' against Javier Milei's explicitly brash policy approaches that appear to have put him at odds with moderate voters. Looking ahead, besides the country's overall appetite for change, the key determining factor of the result will be which candidate is a better negotiator. Massa's track record would appear to give him the upper hand, and that is what he tried to offer with the unity government proposal. Milei faces the challenge of unifying the non-Peronist electoral base, while fending off Massa's tactics. This push-and-pull dynamics will exacerbate internal divisions within Juntos por el Cambio, heightening the risk of finally tearing apart the (so far) main opposition coalition. A runoff is a completely different election, and the most volatile electoral process since 1983 could still pack surprises. While it is true that in the first round, the societal mood shied away from radical change, in the second round, pro-change voters may shift to Milei to oust Kirchnerism. One thing is certain: no matter who wins in November, macroeconomic corrections will take place in the coming months, and the determining variable will be the ability of the new president to manage their speed, depth and impact."

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

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