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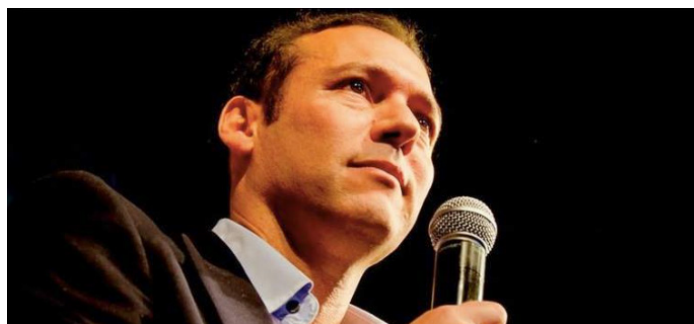
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FEATURED Q&A

What Do Results in Neuquén Say About Argentine Politics?



Omar Gutiérrez easily won re-election this month as governor of Argentina's Neuquén Province. // File Photo: Facebook page of Omar Gutiérrez.

Q Omar Gutiérrez, the governor of Argentina's oil-rich Neuquén Province, won re-election on March 10, handily defeating Ramón Rioseco, an ally of former President Cristina Fernández de Kirchner. The Neuquén race was being followed nationally for signs of how much support Fernández's forces might muster if she were to declare her candidacy in the upcoming presidential election to run against President Mauricio Macri. Were the results of the vote in Neuquén surprising? To what extent does the local race reflect national public sentiment ahead of the October presidential election? How likely is Fernández to run, and how much of a challenge would she represent to Macri's re-election?

A Paula Alonso, associate professor of history and international affairs at George Washington University: "The re-election of governor Omar Gutiérrez with almost 40 percent of the votes was unsurprising; his party, Movimiento Popular Neuquino, won all elections it contested for governorship since its foundation in 1961. All eyes were on Neuquén, home to Vaca Muerta—one the world's largest shale deposits—because the Kirchneristas competed with their own candidate, who ultimately obtained fewer votes than anticipated (26 percent). Although Cambiemos was third (15 percent), the results were a victory for President Macri, as it meant that energy policy (over which Gutiérrez and the national government are aligned) won't be altered. The Kirchneristas were defeated in the first test of this year's marathon of provincial and national electoral contests, culminating in the presidential election in October. Given Neuquén's particular political and

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The leaders launched Prosur, a new regional group that is to replace Unasur, which was championed by late Venezuelan President Hugo Chávez.

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Mexico Seeing Interest in Mobile Payments System

Several companies have expressed interest in the Mexican central bank's new mobile payments system, said central bank chief Alejandro Díaz de León.

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U.S. Sanctions Venezuelan State-Run Bank

The U.S. Treasury imposed sanctions on Venezuelan state-run bank Banesco and related institutions. Treasury Secretary Steven Mnuchin said the bank has been used to move funds abroad in an attempt to prop up the government of President Nicolás Maduro.

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Mnuchin // File Photo: U.S. Treasury.

ECONOMIC NEWS

U.S. Treasury Sanctions Venezuelan State-Run Bank

The U.S. Treasury on Friday imposed sanctions on Venezuelan state-run bank Banco de Desarrollo Económico y Social de Venezuela, or Banes, and four related institutions, the Treasury said in a statement. The sanctions were the latest move to increase pressure on Venezuelan President Nicolás Maduro and followed government agents' arrest last week of Roberto Marrero, the chief of staff of Venezuelan National Assembly President Juan Guaidó, who has international recognition as the country's acting president. "The regime's continued use of kidnapping, torture, and murder of Venezuelan citizens will not be tolerated by the U.S. or the international coalition that is united behind President Guaidó," U.S. Treasury Secretary Steven Mnuchin said in a statement. "Roberto

“The willingness of Maduro's inner circle to exploit Venezuela's institutions knows no bounds.”

— Steven Mnuchin

Marrero and other political prisoners must be released immediately." The sanctions freeze any assets that Banes or its subsidiaries have under U.S. jurisdiction and prevent U.S. citizens from any dealings with the state-run bank. "The willingness of Maduro's inner-circle to exploit Venezuela's institutions knows no bounds," Mnuchin said in the statement. "Regime insiders have transformed Banes and its subsidiaries into vehicles to move funds abroad in an attempt to prop up Maduro. Maduro and his enablers have distorted the original purpose of the bank, which was founded to help the economic and social well-being of the Venezuelan people, as part of a desperate attempt to hold onto power," he added. The sanctions also

apply to Banes subsidiaries, including Banco Banes Uruguay. The Treasury's statement said Maduro attempted to move more than \$1 billion out of Venezuela early this year through the Uruguay subsidiary. Over the past decade, the China Development Bank has provided Banes with billions of dollars in exchange for oil, Reuters reported. Earlier this year, the United States slapped sanctions on Venezuelan state oil company PDVSA and also on Venezuelan security forces that support Maduro. Additionally, the White House revoked the visas of top officials and relatives of Maduro's government, Politico reported. [Editor's note: See related [Q&A](#) in the Feb. 28-March 13 issue of the Financial Services Advisor.]

POLITICAL NEWS

South American Presidents Launch New Regional Bloc

A group of South American presidents on Friday launched Prosur, a new regional bloc set to replace the Union of South American Nations, or Unasur, the Associated Press reported. The founding presidents, from Argentina, Brazil, Chile, Colombia, Ecuador, Paraguay and Peru, said they were committed to "renew and strengthen" regional integration under a more flexible and effective framework. "Today has been a good day for collaboration, dialogue, understanding and the integration of South America," Chilean President Sebastián Piñera, who hosted the meeting of South American heads of state in Santiago, said at the event. Piñera had previously attributed Unasur's failure to "an excess of ideology and bureaucracy." Late Venezuelan President Hugo Chávez had promoted Unasur, which was created in 2008 when many countries had leftist leaders, to counter U.S. influence in the hemisphere. Over the years, the 12 nations that formed Unasur suspended their memberships over leadership differences, as well as for the bloc's failure to take action in crisis-racked Venezuela. The current Venezuelan leader and Chávez's successor, Nicolás

NEWS BRIEFS

Pope Francis Replaces Santiago Cardinal Accused in Cover-Up

Pope Francis on Saturday replaced the cardinal of Santiago, who was accused of covering up sexual abuse by priests in Chile and discrediting their victims, the Associated Press reported. Cardinal Ricardo Ezzati, 77, was replaced by Monsignor Celestino Aós Braco, the current bishop of Copiapó. Chilean prosecutors are currently investigating Ezzati.

Prince Charles, Camilla Make British Royals' First Official Visit to Cuba

Prince Charles and his wife Camilla arrived in Havana on Sunday for the British royal family's first official trip to Cuba, Reuters reported. The three-day trip includes a dinner with Cuban President Miguel Díaz-Canel, a visit to Havana's restored colonial district and a tour of some of the island's green energy projects. The British government had asked the royal couple to include Cuba in their visit to former and current British territories in the Caribbean with hopes of boosting commercial and cultural ties, Reuters reported.

Colombia's Transandino Pipeline Attacked for Fifth Time This Year

Colombia's Transandino pipeline was bombed late on Friday in the western Nariño Department, state-run oil company Ecopetrol said, Reuters reported. It is the fifth time the pipeline has been attacked this year. There have been approximately 20 bombings of Colombian pipelines so far in 2019. The latest incident took place in a rural area near the Ecuador border. Although Ecopetrol does not usually name the groups responsible for attacks, the National Liberation Army, or ELN, rebels regularly carry out oil infrastructure bombings, Reuters reported.

Maduro, was not invited to the Prosur meeting, according to the AP. In announcing the creation of Prosur in January, Colombian President Iván Duque said the new regional group would work to “coordinate South American nations on public policies, the defense of democracy, the separation of powers and a market economy,” El Tiempo reported. [Editor’s note: See related [Q&A](#) in the Jan. 31 issue of the Advisor.]

BUSINESS NEWS

Mexico Seeing Interest in Mobile Payments System

Several companies, including Uber, have expressed interest in using the Mexican central bank’s new mobile payments system, the head of the bank said Friday, Reuters reported. In an interview with the wire service, Alejandro Díaz de León said the bank was seeking to educate companies about how the program could be used, adding that the ride-hailing company had



Díaz de León // File Photo: Notimex.

shown interest. He noted that many prospective users were exploring how the platform, called CoDi, could work for them. CoDi would allow customers to make and receive payments through their smartphones free of charge. “In general, I’d say there is lots of interest in understanding the platform,” Díaz de León said. “The idea is to listen to all of these potentially interested companies and see how we can ... incorporate the biggest quantity of possible users to the platform. And they can be of all kinds,” he added. Amazon and Argentina-based MercadoLibre have also shown interest in

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economic situation (strong provincial party and energy reserves), it would be unwise to extrapolate the impact of these electoral results outside its borders. However, the intense focus on the election underlines the relevance of politics in the provinces where Radicals (UCR), Peronists, Kirchneristas, Pro-Cambios and provincial parties are making, breaking or refining alliances in their constituencies. In turn, these negotiations affect the most critical factor in the next presidential elections: the reorganization of a Peronist front to compete against Macri. The clock is ticking. All the alliances and their candidates have to register in June to compete in the open compulsory primaries in August. Nonetheless, Cristina Fernández de Kirchner, the only opponent with 30 percent of support, is in no hurry to publicize whether or not she will run.”

A **Megan Cook, lead specialist in the political and regulatory risk/strategic affairs practice at Cefeidas Group in Buenos Aires:**

“Although most polls had predicted a much tighter race between the top two vote-getters, the results of Neuquén’s gubernatorial election were hardly surprising. Sitting Governor Omar Gutiérrez’s party, the Movimiento Popular Neuquino (MPN), dominates local politics and has held the governorship since 1963. Gutiérrez comfortably won re-election, receiving just under 40 percent of the vote compared to Rioseco’s 25 percent, with the candidate from Macri’s Cambios coalition, Horacio Quiroga, trailing behind with approximately 15 percent. Gutiérrez, backed by his party and several others, actually increased his share of the vote when compared to the 2015 gubernatorial election, in which the same three candidates competed, while Quiroga’s share dropped. This was

the payments platform. Earlier this month, Banco de México said a pilot project would be launched within the next several weeks, El Universal reported. The central bank seeks to

certainly not the result that Cambios had hoped for, especially as it performed well in Neuquén in the 2017 midterms. Despite this and former President Fernández’s explicit support for Rioseco, it would be a mistake to read the election as a strong indicator of the national mood. Candidates focused on local

“It would be a mistake to read the election as a strong indicator of the national mood.”

—Megan Cook

issues, and Gutiérrez benefited from factors including a growing local economy (unlike the national trend), ongoing public works projects and the MPN’s territorial reach. These local considerations likely played a much larger role in voters’ choice than the image of national parties or their policies. With regard to the presidential election, it remains unclear if Fernández will throw her hat into the ring. Both Macri and Fernández maintain similar approval ratings of around 30 percent that reflect their core base of support. However, there is a significant portion of voters that seems disenchanted with either option. A moderate opposition candidate may be able to gain traction among this group. There is uncertainty as to how these voters would cast a ballot in a runoff, and a moderate candidate would perhaps outperform Fernández in a second round against Macri, as she has high rejection rates. Without the certainty of an opposition candidate, predictions are imprecise but do hint that it will be a competitive and close race for the incumbent president, whomever he faces.”

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promote financial inclusion with the new mobile payments system, in a country where more than 50 percent of the population, roughly 42 million people, don’t have bank accounts.

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A Bruno Binetti, nonresident research fellow at the Inter-American Dialogue: “The Movimiento Popular Neuquino, Gutiérrez’s local political party, has won each and every gubernatorial election in Neuquén since 1962, so his re-election was hardly surprising. Neuquén is important because Vaca Muerta is located there, but it’s a province of 620,000 inhabitants in a country of 44 million, and therefore not representative of the national electorate. Forty

“**The only real indicator will be the mandatory presidential primaries (PASO) on Aug. 11.”**

— Bruno Binetti

percent of all Argentines live in the province of Buenos Aires, where former President Fernández is most popular. There is a long list of provincial elections before October, and none of them will say anything about the national vote. The only real indicator will be the mandatory presidential primaries (PASO) on Aug. 11. Even if Macri and Fernández do not face internal challenges, they still have to participate, which will show their levels of support. On that day we will also find out if moderate Peronists (former Minister Roberto Lavagna, Sergio Massa or someone else) have a chance of breaking the Macri-Fernández polarization, which right now is unlikely. Fernández will almost certainly run for president. She is a polarizing figure involved in many corruption allegations, but her image is gradually improving as the recession continues and inflation remains stubbornly high. Most polls indicate she would defeat president Macri in the first round and is running neck and neck with him in the second round. Fernández is still Macri’s preferred rival, but if the economy doesn’t bound

back significantly and soon, she has a good chance of returning to power.”

A Andrés Asiain, director of Centro de Estudios Económicos y Sociales Scalabrini Ortiz (CESO): “In Argentina, national and provincial politics are very particular. At the national level, politics is polarized between supporters of former President Cristina Fernández de Kirchner and current President Mauricio Macri. With the crisis, provoked by the economic policy agreed to with the IMF in exchange for external financing, Macri’s image is weakening, and it is likely that other figures will try to capture votes from the right and center, against Fernández de Kirchner. In the provinces, this national polarization is diluted, especially in those where provincial parties are dominating. Precisely to avoid losing votes as a result of the national polarization, many governors moved the elections up so they wouldn’t coincide with the presidential election. Such is the case with the recent vote for governor of Neuquén, one of the main oil provinces, which the Movimiento Popular Neuquino has exclusively governed since 1962, except for periods at which democracy was interrupted at the hands of the military. In this context, the recent re-election of Omar Gutiérrez of the MPN as governor of Neuquén—leaving Fernández’s candidate in second place and Macri’s candidate in third—doesn’t bring anything new to either local or national politics. In this regard, it is worth noting that the MPN has maintained agreements with the national government both when it was in the hands of Cristina Fernández de Kirchner and now with Macri, showing a great political versatility to maintain its provincial interests.”

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

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