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FEATURED Q&A

How Does the President's Health Affect Argentine Politics?

Q Argentine President Cristina Fernández de Kirchner underwent surgery on Oct. 8 to treat bleeding on her brain. She is said to be recovering well, but doctors have ordered her to rest for at least a month. That is sidelining her until after Argentina's legislative elections on Sunday. What effect will her absence have on the elections? How will the president's health problems, which also led to Fernández having her thyroid gland removed in 2012, affect her political career? Will Vice President Amado Boudou be able to effectively run the government in Fernández's absence?

However, a good performance will position them well for the future. And in this manner, an inevitable process will advance—a resurgence of Peronism with an eye to the future. From what we know about the president's health, nothing makes it appear as though her political career is in trouble. She is young—only 60 years old—and her known health problems (a thyroid problem and a blood clot) seem to be minor ailments. With regard to Vice President Boudou, there has been much unfounded speculation about his ability to govern. The

Continued on page 3

A Julio Burdman, president of the Observatorio Electoral Latinoamericano and director of the School of International Relations at the University of Belgrano in Argentina: "The president's absence is unusual as in the five national elections between 2003 and 2011, a Kirchner was always a main candidate. It was Néstor in 2003 and 2009, and Cristina in 2005, 2007 and 2011. Cristina was not a candidate in the August 2013 primaries, but she was the star of the advertising campaigns. Now she is absent from this month's elections. The elections have remained in the hands of the Peronists and their local candidates. What they will become, to a certain extent, are a test drive for the 2015 campaigns. The political futures of Peronist governors and mayors are not at stake in this election.



Mexico Demands U.S. Widen Investigation Into Spying Claims

Mexican Foreign Minister José Antonio Meade on Tuesday demanded the United States widen an investigation into spying by the U.S. National Security Agency. The agency reportedly hacked into the e-mail account of former President Felipe Calderón. See story on page 2.

File Photo: Mexican Government.

Inside This Issue

FEATURED Q&A: How Does the President's Health Affect Argentine Politics?.....1	Raymond Weakens to Category 1 Hurricane off Mexico's Coast.....2
Mexico Demands That United States Widen Probe Into Spying Allegations.....2	Bachelet Increases Lead Over Matthei in Chile: Poll.....2
Cuba Planning to Scrap Dual-Currency System.....2	Colombia May Cut Tariffs on Imported Vehicle Parts.....3

NEWS BRIEFS

Raymond Weakens to Category 1 Hurricane off Mexico's Coast

Hurricane Raymond on Tuesday weakened to a Category 1 storm while off Mexico's Pacific coast, and it is expected to weaken further to a tropical storm today, though the potential for heavy rains is worrying an area that was battered last month by Tropical Storm Manuel, the Associated Press reported.

Forecasters predicted as much as 12 inches of rain along the coast of Guerrero state, and officials evacuated residents in flood-prone areas.

Bachelet Increases Lead Over Matthei in Chile: Poll

Chilean presidential election front-runner, former President Michelle Bachelet, has slightly increased her lead over her main rival, right-wing candidate Evelyn Matthei, according to the results of an Ipsos poll released Tuesday, Reuters reported. The poll showed that Bachelet will likely receive 32 percent of votes in the Nov. 17 election versus Matthei's projected 20 percent and independent candidate Franco Parisi's 14 percent, meaning that no candidate is expected to receive enough votes to avoid a Dec. 15 runoff.

Goldman Sachs to Open Broker-Dealer in Mexico

Goldman Sachs is planning to open a broker-dealer in Mexico as part of its expansion plans in Latin America, the investment banking firm's head for the region said Tuesday, Bloomberg News reported. The opening of the broker-dealer will allow the firm to trade in securities denominated in pesos, said the executive, Stephen Scherr. The reform agenda of President Enrique Peña Nieto and efforts to develop Mexico's capital markets will likely draw investors, said Scherr.

Political News

Mexico Demands That United States Widen Probe Into Spying Allegations

Mexico's foreign minister on Tuesday demanded that the United States expand an investigation into allegations of spying by the U.S. National Security Agency, Reuters reported. The statements by Foreign Minister José Antonio Meade came two days after Mexico scolded the United States over reports that the espionage agency hacked into the public e-mail account of former Mexican President Felipe Calderón. German magazine *Der Spiegel* reported the latest round of allegations, which were based on documents leaked by former NSA contractor Edward Snowden. In a news conference in Geneva ahead of a United Nations review of Mexico's record on human rights, Meade was asked whether Mexico may decrease its cooperation that involves sharing intelligence with the United States on issues such as counterterrorism and drug trafficking. "President Obama, in conversations with Peña Nieto ... gave his word that there was going to be an investigation around this issue. He said that he had not authorized any spying on Mexico," said



Peña Nieto

File Photo: Mexican Government.

Meade. "We want the investigation to be expanded to include the most recent allegations that not only citizens, but the presidency, could have been spied upon." Meade said that Mexican President Enrique Peña Nieto had told him to summon the U.S. ambassador to Mexico to provide updates on the probe. "Mexico is convinced that the espionage practices mentioned constitute a violation of norms, an abuse of trust built between partner countries and does not do honor to the historic friendship between our nations," Meade added. "We will be waiting for the response before deciding whether any additional action is warranted." In Mexico City, Interior Minister Miguel Ángel

Osorio Chong said that Peña Nieto had directed an investigation into whether Mexican officials had compromised any government communications. "The investigation must determine if there is any evidence related to the cited [allegations], or whether there were any citizens or public functionaries who intentionally or through neglect ... behaved in such a way that constituted a violation of the privacy of government communications."

Economic News

Cuba Planning to Scrap Dual-Currency System

The government of Cuban President Raúl Castro is planning to scrap the country's widely resented dual-currency system, BBC News reported Tuesday. The system, which was put in place in 1994, includes a

Cuba put the dual-currency system in place in 1994 after the collapse of the Soviet Union.

peso that is linked to the U.S. dollar and another peso that is worth only a fraction of the dollar-linked currency. Most Cubans are paid with the less-valuable peso, while the convertible peso has been reserved for trade and the tourism sector. The system has led most Cubans to be denied goods that require convertible pesos to buy, exacerbating the establishment of a two-tier society in Cuba. The government will phase out the two-currency system by gradually unifying the value of the convertible peso with that of the ordinary peso. The dual-currency system was intended to protect Cuba's economy after the collapse of the Soviet Union. Cuba's council of ministers approved a timetable for putting in place "measures that will lead to monetary and exchange unification" reported state-run daily newspaper *Granma*. The move is "imperative to guarantee the re-establishment of

the Cuban peso's value and its role as money, that is as a unit of accounting, means of payment and savings," the official Communist Party newspaper added. *Granma* did not provide details of how soon the change would happen, but Reuters quoted economists in Cuba as saying it would likely take 18 months. [Editor's note: See [Q&A](#) on Cuba's economic reforms in the Oct. 15 issue of the *Advisor*.]

Colombia May Cut Tariffs on Imported Vehicle Parts

Colombia's government is considering the elimination or reduction of tariffs on imports of vehicle components in an effort to boost the local automobile industry, Finance Minister Mauricio Cárdenas said Monday, Reuters reported. Scrapping the tariffs could hurt local auto parts manufacturers, but would lower the overall cost of vehicle assembly and help



Cárdenas

File Photo: Colombian Government.

manufacturers with local plants to compete better against imports. Over the past few years, the high value of the Colombian peso has hindered the country's industrial output. "I think that to give some competitiveness to this sector, we will have to go in the direction of allowing auto parts to come in without restriction from any country so that the assembly of vehicles in Colombia does not disappear," Finance Minister Mauricio Cárdenas told reporters in Bogotá. Colombians buy some 300,000 new cars every year, and some Colombian-produced vehicles are exported to neighboring countries, said Cárdenas. The auto sector has made a significant contribution to job creation in Colombia and the Andean country's economy, he added. Local companies produce vehicles in Colombia for companies including **General Motors**, **Renault** and **Mazda**. Approximately two-thirds of new cars bought in Colombia are imports.

Featured Q&A

Continued from page 1

ruling party still has significant power in Congress and in the provinces. And Boudou's legitimacy comes not from

“From what we know about the president's health, nothing makes it appear as though her political career is in trouble.”

— *Julio Burdman*

himself, but rather from a government that despite the passage of time has maintained significant power. He will have no trouble discharging presidential duties until the president's return.”

A **Marcelo Bergman, professor at the Universidad Nacional Tres de Febrero in Argentina:**

"Cristina Kirchner appears to be recovering well from surgery two weeks ago. According to reports, she has been advised to strictly adhere to five to six weeks of convalescence. Therefore, it is expected that she will not be seen in public for another two or three weeks. She does not have a major incentive to defy her physicians: Her party will suffer a defeat in Sunday's mid-term parliamentary elections, burying any hope of pushing for a constitutional reform to allow her to run for a third time. Monday will be the official start of the lame duck period in Argentine politics. Cristina's candidates will still receive close to a third of the votes, and her party will gain a large portion of representatives and senators. She remains very popular and can attempt a comeback in 2019. Mrs. Kirchner will have strong leverage and will continue being a central figure in domestic politics over the next two years. High inflation, depleted infrastructure, rapidly shrinking reserves and many other serious economic problems will require urgent action. Mrs. Kirchner will

try to avoid taking painful measures as she will attempt to exit the government in 2015 as a popular president that defies painful adjustments. It remains to be seen whether she will have the political capital and the financial resources to dodge these necessary measures. After a decade of a highly centralized style, the Kirchner administration will be challenged. Health might be a major issue and make things more difficult. She has had several health episodes over the past few years. Hopefully, Cristina will be strong and healthy to administer the next arduous two years. If her health weakens, that will further complicate the political and economic landscape for a country that cannot postpone major decisions for long."

A **Miguel Kiguel, executive director of EconViews in Buenos Aires:**

"Sunday's mid-term elections will put a definite end to Cristina's re-election ambitions, especially if, as most pollsters are predicting, the results end up being similar to the August primaries in which the government barely got 30 percent of the

“Cristina is a lame-duck president.”

— *Miguel Kiguel*

national vote. Cristina's recent illness, which forced her to delegate her presidency for a short period to Vice President Amado Boudou, is unlikely to make a difference in the electoral results. The main issue continues to be whether after the elections she will once again become more radicalized or if instead she will become a more moderate president in order to ensure a smooth politi-

Continued on page 4

Featured Q&A*Continued from page 3*

cal transition. So far, the signals are mixed, though they are leaning toward moderation. One important signal was the decision to settle the arbitration disputes in ICSID, which the government had been putting off in spite of U.S. pressures for almost three years. In addition, it has announced that a new CPI is in the making, a concession to the IMF that could open the door for an eventual IMF article IV consultation. True, prior to previous elections there were similar signals toward conciliation that were quickly reversed afterwards. The big question is whether this time will be different. The political situation is certainly different, as Cristina is a lame-duck president; she will probably lose the majority in Congress and will feel pressures from governors, a powerful political group that wants a stable political and economic environment in order to ensure their re-election in the provinces."

A **Juan Cruz Díaz, managing director of Cefeidas Group in Buenos Aires:** "After a couple of weeks of President Cristina Fernández de Kirchner's leave of absence to recover from brain surgery, things have stayed stable in Argentina. While it is true that the initial uncertainty generated a certain level of concern, Vice President Amado Boudou has fulfilled his formal duties, and we have not seen major complications or significant changes in the government. The political system has responded well, which was always in the best interests of most of the important players (both within the governing party and the opposition) who are keen to avoid any type of institutional crisis. CFK's health scare occurred in the midst of a highly politicized and polarized midterm legislative election that will take place on Sunday. As such, much has been discussed regarding the potential effect of the president's surgery and leave of absence on the election results. However, although there is little doubt that her condition will improve her approval ratings, it seems unlikely that it will have any

significant impact on the results of the legislative elections. I tend to see a decoupling between CFK's approval ratings and voter intention regarding the governing coalition's candidates. While it is true that the Frente para la Victoria seems to be performing better and recovering some ground ahead of Sunday's election, this can better be explained by other factors (such as more effective campaigning, policy and fiscal announcements and the bigger role of local campaigning) that go beyond the president's health. The big question now is how CFK will perform after she returns from her leave of absence. Overall, I believe the key issue is not how CFK's health problems will affect her political career, but how—after this coming legislative election—she will outline her legacy and manage the transition toward the 2015 presidential elections."

A **Ricardo Seeber, senior partner at Estudio Beccar Varela in Buenos Aires:** "Most political analysts have said that Mrs. Kirchner's health problem has not and will not have any effect on Sunday's midterm elections. Notwithstanding, none of the legislative candidates that are aligned with the president are getting any support from the president or other members of her party, with the exception of the support that has come from Gov. Daniel Scioli for the candidates in Buenos Aires province. A lower public profile should affect the president's political career, but it will not because she is a Peronist and Peronists' DNA does not allow them to quit politics. Amado Boudou has and will handle all the protocol, but will not make any significant decisions because he has no real power. He may choose the color of his ties and his suits, but nothing more."

The Advisor welcomes reactions to the Q&A above. Readers can write editor Gene Kuleta at gkuleta@thedialogue.org with comments.

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