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FEATURED Q&A

Who Has Become Ecuador's Next President?



Former vice president Lenín Moreno has claimed victory in Ecuador's presidential vote despite accusations of fraud from the opposition. // Photo: Micaela Ayala/Andes.

Q Ruling party candidate and former vice president Lenín Moreno claimed victory in Ecuador's presidential vote on Sunday, as supporters of conservative challenger Guillermo Lasso clashed with riot police in major cities, accusing authorities of permitting fraud in the election. With more than 99 percent of votes counted, Moreno had secured 51.2 percent of the votes compared with Lasso's 48.8 percent, according to the electoral council. Lasso has called for a recount in every province of the nation, but the electoral council's head, Juan Pablo Pozo, has appealed to the opposition to recognize the results. Who won Ecuador's presidential election? How likely is it that a recount will be held, and does Lasso stand a good chance of seeing the results go in his favor? What do the election results signal for the political climate in Ecuador and the much talked-about 'pink tide' receding in Latin America? How strong of a mandate do either of the candidates have to carry out their agendas once confirmed?

A Ramiro Crespo, president of Analytica Securities in Quito: "Make no mistake, there was fraud on the April 2 elections, largely built upon lessons learned on the first round in February. Back then, the Electoral National Council (CNE in Spanish), in a display of efficiency, had reported a large enough volume of results that any attempt to manipulate them without it being obvious was too late for the government. These results were much in line with Cedatos Gallup's exit poll; and of course, the voice of thousands of citizens in the streets secured a victory for democracy. This time around, Cedatos and two other exit polls coincided on a 52 percent to 53 percent victory for

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Lasso Protests Moreno's Victory in Ecuador

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Mexican Workers Send Less Money Home in February

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Lower House in Paraguay Delays Controversial Vote

The head of Paraguay's lower house of Congress, Hugo Velázquez, said a vote on a measure that would allow President Horacio Cartes to run for re-election next year would be delayed.

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Velázquez // Photo: Government of Paraguay.

POLITICAL NEWS

Opposition Protests Moreno's Presidential Victory in Ecuador

Ecuadorian opposition leader Guillermo Lasso on Monday night gathered supporters outside the country's electoral council headquarters to protest perceived fraud in Sunday's presidential runoff election, CNN reported. Despite phone calls from Latin American governments congratulating ruling party candidate Lenín Moreno on his victory, Lasso vowed to keep up the fight against the installation of an "illegitimate" government. "We're not afraid of the miserable cowards who are on the wrong side of history," he told a crowd of a few thousand supporters. With 99.4 percent of the votes counted, Moreno continues to hold the lead, with 51.17 percent support compared to 48.83 percent for Lasso, El Comercio reported today. The president of the National Electoral Council, Juan Pablo Pozo, told reporters Monday that the opposition party can object and lodge an appeal of the results, a process that could take up to 15 days, but the scales appear tipped in Moreno's favor. Through a message on Twitter Monday, the Secretary General of the Organization of American States, Luis Almagro, congratulated

Moreno. Right-of-center presidents in Argentina and Peru also congratulated Moreno, joining allies Venezuela and Bolivia, who were quick on Sunday, the day of the election, to affirm the leftist's victory. Meanwhile, Wall Street took a cautious view of the election results. "As the dust settles, this is not the ideal starting point for a new government that faces a challenging macroeconomic adjustment," JP Morgan analyst Katherine Marney said in a research note circulated Monday afternoon. "We remain of the view that Moreno will have the onerous task of grappling with a painful and incomplete deflationary adjustment and economic recession, a badly needed fiscal adjustment, a galloping and costly external debt burden and limited maneuverability."

Lower House in Paraguay Delays Controversial Vote

The head of Paraguay's lower house of Congress, Hugo Velázquez, told reporters on Monday that a vote on a measure that would allow President Horacio Cartes to run for re-election next year would be delayed, the Associated Press reported. Meanwhile, opposition leaders said they were boycotting talks with officials backing the constitutional amendment, called

NEWS BRIEFS

GraceKennedy Enters Jamaican Micro-lending, Micro-insurance Market

Jamaican conglomerate GraceKennedy Money Services, or GKMS, is expanding into the micro-lending market, the Jamaica Gleaner reported Monday. With a green light from the Ministry of Finance, GKMS will offer small loans to entrepreneurs at up to 52 percent interest per annum. "This is part of the vision we have at Grace where we want to be an integrated financial services company, that is to say our insurance company, our bank and our money services," GraceKennedy Group CEO Don Wehby told the newspaper. Plans also include rolling out new micro-insurance products.

Honduran Coffee Exports Rise 62 Percent

Honduran coffee exports in March rose by 62 percent compared to the same month last year, AgraNet reported Monday. Coffee exports in March amounted to 1.03 million 60-kg bags, up sharply from the 633,594 bags exported in the same month last year, the National Coffee Institute said. Officials expect that coffee exports will grow more than 40 percent this year, to 7.2 million bags in the 2016-2017 harvest.

Brazil Trade Surplus Hits Record in March Despite Meat Industry Scandal

Brazil's trade surplus hit a record high in March despite a sanitation bribery scandal in its beef industry that threatened to crimp exports, Reuters reported. Brazilian beef exports totaled \$404 million last month, the Trade Ministry said in a statement on Monday. Pork exports jumped 39 percent to \$138 million while chicken exports rose 12 percent to \$571 million. Export prices rose for all three types of meat between 10 percent and 44 percent on an annual basis, helping to compensate an overall decline in shipment volumes in March.

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Guillermo Lasso. The CNE had demanded such results be handed over an hour before votes closed, and then the CNE (alone) suffered a power outage and its website crashed for almost two hours, only to come back to life with Lasso at 49 percent. The statistical unlikelihood of this happening is in part explained by pictures of physical ballots where, when Lasso had more votes, his votes went to Lenín Moreno and vice versa by the time results hit the webpage. Far from a 'good faith' error, this evidence states the obvious: the election is being stolen. While Lasso will contest, to quote Joseph Stalin, 'It's not the people who vote that count, it's

the people who count the votes.' The general fear is that any appeals process will be fruitless with the current justice channels being controlled by a quasi-dictatorship. It will come down to people going out on the streets once again, and support from Luis Almagro and the Organization of American States will go a long way."

A **Walter Spurrier, president of Grupo Spurrier and director of Weekly Analysis in Guayaquil, Ecuador:** "The results announced by electoral authorities are provisional; their personnel added results

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for by Cartes and scheduled to begin Wednesday. Thousands of protesters gathered outside Paraguay's Congress Monday night in a new but peaceful demonstration against a secret Senate vote for the amendment that took place on Friday, Reuters reported. News of the vote led to the ransacking and burning of the Senate building and death of an opposition youth party leader at the hands of police.

ECONOMIC NEWS

Mexican Workers Send Less Money Home in February

The amount of money Mexican workers sent home from abroad fell sharply in February following several months of strong gains, Banco de México said Monday. Remittances fell 1.4 percent in February compared to the year before, after a gain of 6.3 percent in January and 12.4 percent expansion in the fourth quarter of 2016 as compared to the year before. However, due to currency exchange factors, recipients of remittances received more money in local currency terms than a year ago, analysts noted. "We expect workers' remittances to perform well going forward, with growth in dollar terms stabilizing at around 3 to 5 percent, year over year," Latin America analyst Alberto Ramos at Goldman Sachs told clients in a research note. Overall, remittances grew 2.3 percent during the January to February period, "a solid 17.1 percent increase in local currency" terms, Ramos added. Last year, Mexico received \$27 billion in remittances, a record high and far more than what the country got from its oil exports at \$18.7 billion. The majority of remittances originate in the United States, where the administration of Donald J. Trump and several states have called for placing a tax on remittances to support improved southwest border security. Executives in the money transfer industry have expressed concern about unintended consequences stemming from the policy. [Editor's note: See related [Q&A](#) in the March 8 issue of the Financial Services Advisor.]

CAPITOL HILL WATCH

A Look at U.S. Congressional Activity on Latin America

House Republicans Introduce First Major Bill to Fund Border Wall

A group of Republicans in the U.S. House of Representatives last Thursday introduced the first major bill to fund President Trump's wall on Mexico's border, the Washington Times reported. The measure would impose a 2 percent fee on all the money Mexicans and other immigrants send back home. "This bill is simple—anyone who sends their money to countries that benefit from our porous borders and illegal immigration should be responsible for providing some of the funds needed to complete the wall," Rep. Mike Rogers (R-Ala.) said in a statement. "This bill keeps money in the American economy, and most importantly, it creates a funding stream to build the wall." Rep. Rogers and Rep. Lou Barletta (R-Pa.) are leading the effort.



Rogers // File Photo: U.S. Government.

Engel Greet Mexico's New Envoy With Olive Branch

The ranking member of the House Committee on Foreign Affairs, Eliot Engel (D-N.Y.), last week met with Mexico's new Ambassador to the United States, Gerónimo Gutiérrez, on Capitol Hill. During the meeting, Engel said that despite the rhetoric and recent actions of the Trump administration, he and Congress continue to support a "strong strategic partnership between the United States and Mexico," adding he was "deeply troubled" by the recent straining of relations between the two countries. Engel said the United States should "reject divisive and unnecessary rhetoric about building a wall on our Southern border and the absurdity of making Mexico pay for it."

House Affirms U.S. Support to Fight Crime, Corruption in Central America

The House Committee on Foreign Affairs last week approved a resolution to reaffirm the United States Congress' commitment to Central America, putting efforts to fight corruption at the center of U.S. policy toward the region. Rep. Norma Torres (D-Calif.) said the approval of the resolution shows the United States recognizes that "combatting corruption is the key to progress on all fronts in Central America—from addressing drug and human trafficking to reducing sexual violence to creating greater economic opportunities." Advocates for U.S. aid to Central America have expressed concern that administration budget cuts could undermine progress.

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from the minutes of individual polling booths. According to law, minutes and votes from polling booths must be taken to provincial tribunals, for the official definitive tally. Representatives from either candidate may demand the recount of votes for any booth in which reported results are at odds with those from the minutes photographed by party delegates. Lasso is to challenge all suspicious booth-level results. We are in for a long official count. Any hastiness in proclaiming official results would be

“There is no winner yet, but the dice are loaded in favor of Moreno.”

— Walter Spurrier

deemed foul play by the losing party. Lasso supporters are concerned that challenges are to be decided upon by an electoral body chaired by the brother of the just appointed new attorney general. There is no winner yet, but the dice are loaded in favor of Moreno. Were Moreno to be proclaimed winner, it would help build his legitimacy if there is a transparent, painstaking count. So far, the election looks like the one that pitted Venezuelan candidates Nicolas Maduro and Henrique Capriles against each other: very close and with half the nation thinking the elections were stolen. As in Venezuela, popularity of the pink tide wanes, but government continues being pink. In either case, the next president will have a weakened mandate, and inherits a fiscal deficit of 5 percent of GDP, which will render it arduous to deliver on campaign promises. Both candidates pledge to reach out to those who voted for the other. That is the most promising sign to cling to.”

A **Marc Becker, professor of history at Truman State University:** “Lasso’s refusal to concede the election is reflective of the right’s broader attitude toward the electoral process: the only elections that they recognize as legitimate are the ones that they win; otherwise they cry fraud. It mirrors a broader hypocritical attitude that conservatives hold toward democracy. Rather than reflecting the popular will and leading to policies that benefit the majority of a country’s population—as was the case under the Correa administration and Moreno promises to continue under his—democracy becomes a rhetorical mechanism through which to achieve an upward redistribution of wealth at the cost to the country’s marginalized and impoverished majority. Lasso personally benefited from earlier financial crises, and he has promised to reinstate those same neoliberal economic policies that would increase his wealth even as it is harming the majority of those who voted for him. Outside observers cast Ecuador’s closely watched and tightly fought election as a plebiscite on Latin America’s left turn, but it is best understood in a local context. Correa was an outlier in that he was able to win majority support across the country—something no other politician has managed to do since a return to civilian rule in 1979. As has always been the case, the country is deeply divided. Correa alienated some of those who should have been his strongest supporters because of his caustic personality and dedication to extractive economies. It will now be up to Moreno to see if he can bridge those divides and build a strong base of support.”

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Erik Brand

Publisher
ebrand@thedialogue.org

Gene Kuleta

Editor
gkuleta@thedialogue.org

Nicole Wasson

Reporter, Assistant Editor
nwasson@thedialogue.org

**Michael Shifter**, President

Genaro Arriagada, Nonresident Senior Fellow

Sergio Bitar, Nonresident Senior Fellow

Joan Caivano, Director, Special Projects

Kevin Casas-Zamora, Nonresident Senior Fellow

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