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## FEATURED Q&A

# What Do Sunday's Election Results Mean for Argentina?



Argentine President Mauricio Macri's Cambiemos coalition won victories in key races in the country's legislative elections on Sunday. // File Photo: Argentine Government.

**Q** President Mauricio Macri's center-right Cambiemos coalition won broad support in several key races in Argentina's midterm legislative elections on Sunday. What were the most significant races, and what do the results mean for the balance of power in Argentina? What does the outcome mean for Macri and his agenda? What does the vote signify about Argentines' views about the country's direction?

**A** Heidi Lough, lead specialist for political and regulatory risks/strategic affairs, and Megan Cook, specialist for political and regulatory risks/strategic affairs, both at Cefeidas Group in Buenos Aires: "Macri's Cambiemos coalition clinched a resounding victory in Sunday's vote, emerging as the most-voted electoral front nationwide. Building on their success in the August primaries, the government's candidates won in the 'big five' electoral districts, the first time this has happened in a midterm since 1985. In addition, the government solidified major territorial gains, especially in the center and north, consolidating Cambiemos as the only truly national political force in current Argentine politics. Although the government remains a minority in both houses of Congress, its position will strengthen, due to a combination of having gained more seats, and the election of more moderate opposition lawmakers. Cambiemos' robust performance gives the Macri administration a strong mandate to continue its pro-business reform program. Tax, labor and capital markets reforms are all set to be presented to Congress next month. However, it should be noted that less than half of Argentines voted for Cambiemos. As such,

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## Nicaraguan Gov't Officially Backs Paris Accord

Nicaragua has presented the relevant documents for joining the accord to the United Nations, said Vice President Rosario Murillo.

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## América Móvil Awaits Vote on Charging Rivals

Mexico's telecommunications regulator is expected to decide whether América Móvil can charge rival companies for calls made to customers on its network.

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### POLITICAL

## Venezuelan Opposition Governors Sworn Before Assembly

Four of the five opposition governors elected in Venezuela took their oaths of office before the Constituent Assembly after initially refusing to do so. Anzoátegui Governor Antonio Barreto called the move "the biggest of sacrifices."

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Barreto // File Photo: Barreto Campaign.

## POLITICAL NEWS

## Venezuela Opposition Governors Sworn in Before Constituent Assembly

Four of the five opposition governors elected in Venezuela's Oct. 15 regional elections on Monday took their oaths of office before the country's Constituent Assembly, after initially refusing to do so, the Associated Press reported. The elected governors of the states of Anzoátegui, Mérida, Nueva Esparta and Táchira took their oaths before the government-aligned assembly in Caracas, while the governor-elect

**The opposition governor-elect of Zulia State continued to refuse to be sworn in before the assembly.**

of Zulia State, Juan Pablo Guanipa, continued to refuse to swear before the assembly, throwing into doubt what will happen in the country's most populous state. President Nicolás Maduro's government earlier this year created the assembly in an election that was denounced by the opposition and several foreign governments. Maduro has demanded that all the newly elected governors submit to the assembly, which has declared itself superior to all other government institutions, or risk being barred from taking office. On Friday, Maduro threatened to hold new elections in the five states that elected opposition governors if the governors-elect continued to refuse to be inaugurated before the assembly, which the opposition sees as unconstitutional. The new governor of Anzoátegui, Antonio Barreto, said being sworn in before the assembly amounted to "the biggest of sacrifices." Though opposition governors won just five of the 23 governorships up for grabs on Oct. 15, polls before the vote had predicted that the

opposition would dominate. Opposition leaders are disputing the results, arguing that election officials committed fraud through a series of tactics meant to give Maduro supporters an advantage. The Democratic Unity Roundtable opposition coalition has presented evidence of what it says amounts to ballot tampering in Bolívar State. Maduro, however, has said Venezuela has "the most perfect electoral system in the world." Andrés Velásquez, the opposition gubernatorial candidate in Bolívar, said the opposition governors who agreed to be sworn in before the Constituent Assembly deserve Venezuelans' "full repudiation." The arguing among opposition members seemed to underscore its perceived inability to present a united message in opposition to Maduro. Thousands of Venezuelans marched in often-violent protests earlier this year in protests of Maduro's policies, which opponents have said have led to political and economic crises. However, the opposition has more recently struggled to mobilize its supporters. [Editor's note: See [Q&A](#) on Venezuela's regional elections in the Oct. 19 issue of the Advisor.]

## Argentina's Macri Vows Reforms After Legislative Victories

Argentine President Mauricio Macri said Monday that he will push more sweeping reforms after his center-right coalition won big victories in the country's midterm legislative elections on Sunday, the Associated Press reported. Macri's Cambiemos coalition did not win control of Congress in the balloting, but it will have the largest bloc. Macri told reporters that he plans tax, education and labor reforms, though he did not give more specific details. "We need to make many reforms," said Macri. "We've done some already ... but looking ahead, there's still a lot to be done." Macri, who took office in December 2015, has had an agenda of free-market reforms. However, his policies to hike utility rates, eliminate tariffs to protect local industry, as well as his layoffs of state workers, have led to labor unrest. "The Argentine electorate has greenlighted President

## NEWS BRIEFS

## Nicaragua Officially Backs Paris Climate Deal, U.S., Syria Only Outliers

Nicaragua has officially backed the Paris climate agreement, leaving the United States and Syria as the only countries not in support of the global accord, Reuters reported. Vice President Rosario Murillo said Nicaragua's government presented the relevant documents to the United Nations. Nicaragua was the only country to reject the pact in 2015, arguing instead that far stronger measures need to be taken worldwide to combat climate change. The accord seeks to limit the effects of climate change by curbing global emissions of carbon dioxide and other gases believed to contribute to a rise in the earth's temperature.

## Taxi Drivers Snarl Bogotá Traffic in Protest Against Transport Companies

Thousands of taxi drivers went on strike Monday in Bogotá, blocking roads in the Colombian capital to protest private transportation companies such as Uber and Cabify, Reuters reported. Taxi drivers argue that the services take away their customers and are not required to pay the same insurance and other costs as taxis.

## U.S. Lifts Sanctions on Panamanian Newspapers in Laundering Case

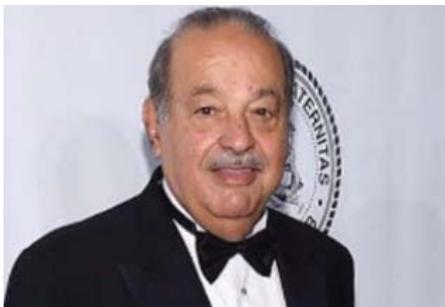
The United States has lifted sanctions on two Panamanian newspapers that are owned by Abdul Waked, who has been wrapped up in a money-laundering corruption scandal, the Associated Press reported Monday. In May of last year, the United States prohibited U.S. citizens or entities from doing business with dozens of Waked-related companies. U.S. Ambassador John Feeley in a statement said Waked had transferred his shares in La Estrella de Panamá and El Siglo newspapers to a foundation.

Macri's reform agenda, giving his 'Cambiamos' [Let's Change] coalition a convincing victory across the country in yesterday's midterm elections," Jimena Blanco of risk consultancy Verisk Maplecroft said Monday in a research note.

## BUSINESS NEWS

## Mexico Regulator to Vote on Allowing Slim to Charge Rivals

Mexican telecommunications regulator the Federal Institute of Telecommunications, or IFT, is reviewing a proposal that would allow billionaire Carlos Slim's América Móvil to charge rival telecommunications networks for calls made from those networks to América Móvil, Reuters reported today, citing an internal document. The 2014 telecommunications reform under President Enrique Peña Nieto had created rules



Slim // File Photo: Carlos Slim Foundation.

that were aimed at curbing Slim's domination of the country's telecoms market since he took control of state phone monopoly Telmex in the 1990s. One such rule was that América Móvil could not charge its competitors for calls made to customers on its network, even though competing firms could charge Slim's company for using theirs. Rivals including AT&T and Telefónica have been waiting to hear whether this regulation would be changed since the Supreme Court ruled in August that América Móvil should not be barred by law from charging its competitors, saying instead that the IFT, not legislators, should set so-called interconnection rates. A proposal draft from

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while the government's negotiating position is strengthened, reforms are still likely to generate pushback. The Peronist opposition finds itself in disarray post-elections, without a clear direction or leadership. This is mainly due to the political resilience of Cristina

“ Less than half of Argentines voted for Cambiemos.”

— Heidi Lough & Megan Cook

Fernández de Kirchner, who won a Senate seat despite losing to the government's candidate, garnering 37 percent of the vote in the senatorial race in Buenos Aires province, and in spite of relentless corruption allegations. However, while Fernández retains high support among the most disadvantaged strata of society, her appeal has a ceiling,

the IFT would have Slim's telecoms firm charge 0.03686 pesos per minute for mobile phone calls made to customers on its network in 2018, and competitors would charge América Móvil 0.1176 pesos per minute. The seven commissioners of the IFT are set to vote on the proposal on Friday, according to three people with knowledge of the matter. A spokesman for the IFT said a plenary session had not yet been scheduled for Friday. A spokeswoman for América Móvil declined to comment.

## ECONOMIC NEWS

## Venezuela Fails to Make Two Bond Payments

Venezuela failed to make two bond payments over the weekend, raising its unpaid debt to

and she is highly divisive. She is therefore unable to position herself as the de facto leader of the opposition. This situation complicates the renewal process underway in the Peronist Party, especially as other potential leaders suffered losses in the elections. Peronism's poor performance in traditional strongholds reveals the urgent need to develop an identity that captures sufficient levels of support to challenge Cambiemos.”

**A** Felipe Yapur, journalist at Radio Nacional and Tiempo Argentino: “The electoral result that was good for Mauricio Macri's government on Sunday was not reflected in the streets of Argentina. Thus, if there is not happiness, something else is happening. The country is divided between those who fight for a state that guarantees the well-being of its inhabitants, and others who believe that the market is the one that must act. Argentina's history has shown that governments like Macri's have always prevailed through

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\$586 million days before two hard-and-fast debt deadlines, CNBC reported Monday. The oil-exporting country has been suffering from a protracted economic crisis, with severe shortages of food and basic necessities, high inflation and street protests. The latest missed debt payment may in fact indicate that the government is saving up to make the \$841 million plus interest debt payment due Friday on a bond issued by state oil company PDVSA. The oil company is using its Houston-based refining and retail subsidiary, Citgo, as collateral against the bond. Next week, a \$1.2 billion PDVSA bond is maturing. However, unlike the missed payments this month, the two upcoming payments do not have grace periods and must be paid by their due date. Some analysts have said that recent U.S. sanctions might make it difficult for the Venezuelan government to transfer payments through the international financial system, but others have said that the government will likely be able to make the upcoming deadlines.

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coups, where the favored were always a small and powerful sector of society. Today, it does so through democratic votes. So, is it possible that there is a sector of society that votes against its own interests but considers it self-defense? Probably so. Moreover, it is possible that this part of society, with

“It is possible that this part of society, with its votes backing the most powerful, will almost immediately suffer the consequences...”

— Felipe Yapur

its votes backing the most powerful, will almost immediately suffer the consequences of economic policies that have already destroyed employment, industry, health and public education. For example, in 1995 in Tucumán province, the majority of the population anointed as governor Antonio Bussi, the military man who was responsible for genocide there in 1976. Years later, he was prosecuted for his crimes. The future will tell what happens in Argentina. The horizon is dark, but it is always darkest just before the dawn.”

**A** Carlos Fara, president of Carlos Fara & Asociados in Buenos Aires: “The two most important races were in the province of Buenos Aires, which has 38 percent of the national electorate, and the province of Santa Fe. With these two wins, Cambiemos won in the five largest districts of the country. That gives government greater force in Congress, especially in the Senate for the negotiation with the Peronist governors. With these results, the president not only strengthens himself in the legislative branch, but above all consolidates his authority before the political, union and business actors who never believed in him very much. Respecting his agenda this will allow him to advance the reforms he wants to implement faster, although it does not necessarily mean greater economic orthodoxy. Since 2013, Argentina has been looking for less regulation of the economy as opposed to the Kirchner economic model, as well as a greater opening with the world and greater transparency. Last Sunday’s vote ratified that course, and it is logical to think that it can be confirmed in the 2019 presidential election.”

*The Advisor welcomes comments on its Q&A section. Readers can write editor Gene Kuleta at [gkuleta@thedialogue.org](mailto:gkuleta@thedialogue.org).*

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