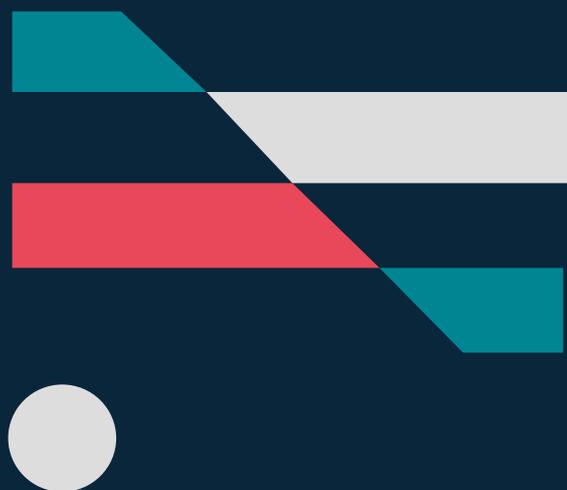


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LATAM REPORT

(I) AN UNCERTAIN AND TENSE LATIN AMERICA (BEFORE AND AFTER COVID-19)

Carlos Malamud

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THREE APPROACHES TO NAVIGATING THE PERFECT STORM

As we transitioned into 2020, most global experts and political scientists were raising concerns that suggested Latin America was facing one of its regular periods of difficulty. Numerous theories were floated about widespread conflict that would devastate the continent to a greater or lesser degree. The economic situation was slipping into paralysis amid a broader context of social insecurity and inequality, along with democratic and institutional disaffection. Countries were turning inward while talk of confrontation and populism was putting a strain on diplomatic relations, adding a local slant to some of the issues that come with the new political and social era of the new century.

Against that backdrop, the unexpected worldwide arrival of the coronavirus is stirring things up further, clouding all judgment and forms of analysis. An already strained political and social climate with flat economic indicators is now joined by the threats posed by a health risk with unforeseeable effects on the continent. No country anywhere in the world will emerge unscathed and the tough consequences of this pandemic will be felt strongest where structures lack the resilience required of a consolidated State and necessary for facing such a sudden, fast-spreading crisis with no immediate end in sight. Never has a maze been so complex and its exits so unclear.

In an attempt to draw you a map for this maze, three different authors with expertise on Latin America gathered from wide-ranging experiences and opinions offer three different approaches to navigating this perfect storm. Carlos Malamud, Eva Mateo and Ramón Casilda sketch out their broadest and most faithful outlines of the situation, and explore some of the possible opportunities that, according to classic proverbs, always emerge from a crisis.

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In this first part of the report, Carlos Malamud offers a political analysis that faithfully reflects the political situation in each country and the common traits and specific local characteristics of the discontent and social reaction as a springboard from which this new crisis is being managed, silencing the latent storm for now.

Cristina Ysasi-Yasmendi, Corporate Director at LLYC



AN UNCERTAIN AND TENSE LATIN AMERICA (BEFORE AND AFTER COVID-19)

The serious and diverse conflicts that arose in Latin America during the final months of 2019 have led to numerous and sometimes contradictory theories and interpretations about what happened. Nonetheless, a large section of the panorama changed radically as a result of the impact stemming from the coronavirus pandemic, which I will discuss at the end of this document. In terms of the events that took place in 2019, the emergence in early 2020 of numerous doubts and questions about everything that happened was fully expected. Some are extremely far-reaching while others are more anecdotal and, by extension, less interesting.

The following are some of the most stand-out questions, although not everything can be included here: Is there a common pattern or single root cause to explain what happened throughout the region in 2019? To what extent did the contagion effect come into play? Did the shocks in Hong Kong, Catalonia, Iraq and Lebanon have an impact on Latin American protests? Were events merely a response to internal motivations or to initiatives driven from overseas, or a combination of both? The latter could lead to the imagination of far-reaching conspiracies and the existence of an international player that would directly benefit from this highly conflictive situation.

At the same time, many overseas leaders and investors are asking themselves over and over again where the next explosion will take place, whether certain conflicts could re-emerge (such as those in Chile or Colombia) and whether the two regional giants - Mexico and Brazil - will be affected. In fact, the image of Latin America as a stable and predictable region with normally functioning democracies - excluding certain shortcomings and the usual contradictions - has deteriorated in recent months.

In this attempt to remove doubts and clarify ideas, it should probably be pointed out first of all that neither academia nor the centers of analysis and thought have yet produced a general and convincing interpretation of what

happened. Starting there, it could be added that a good number of conflicts share several elements or ingredients in common, such as a delicate economic situation stemming from the commodities boom, inequality, disaffection with democracy, the frustration of middle classes, corruption, drug trafficking and public insecurity, and the impact of social media and the "new politics" in public opinion. That said, it can be seen that the very same ingredients mix differently in each case to produce conflicts (or recipes, to continue the culinary metaphor) that vary in nature.

Considering the complete lack of a common pattern, let's say that some were started by strictly economic triggers, such as the withdrawal of fuel subsidies in Ecuador or the increased metro prices in Santiago, while others in Colombia or Haiti stem from a combination of economic demands with other political and social demands. Of course, this does not mean that the latter will not spread elsewhere following the initial outburst. Whereas there were political reasons in Peru, Bolivia and the Dominican Republic, the conflict in Mexico was a result of the fight against drug trafficking and public security.

While social anger in certain countries led to huge street protests, including outbreaks of major violence (Ecuador, Chile, Colombia, Bolivia and Haiti), the conflict in others stemmed from specific initiatives by certain political leaders (the Dominican Republic and the desire from former President Leonel Fernández to stand for election again despite losing in the primary elections) or the superior fire-power demonstrated by drug cartels against the State security forces (Mexico, and the capture and subsequent liberation of Ovidio Guzmán, the son of El Chapo). Neither should we forget the impact of corruption and the political struggle that led President Vizcarra to dissolve Congress and call new elections. However, and despite their major differences, all these situations had a strong impact on public opinion in the countries affected (and even in those not affected), leading to feelings of social anxiety compounded by uncertainty.

A number of analysts link these protests to neo-liberal policies, especially economic policies and tie them to the wave of movements directly challenging capitalism that are emerging worldwide. If this were true, the exceptional nature of Latin America usually cited as a means to avoid certain painful issues would have to be sidelined. At the same time, while the International Monetary Fund (IMF) and its adjustment policies are active in Ecuador, the IMF is neither present nor expected to take action in Chile or Colombia. On the other hand, the IMF is far more active in Argentina where the debt mountain is much larger, but there was no disorder in this country as election polls suggest a change of government.

A good number of these factors can be tied in one way or another to the frustration of the recently emerged middle classes in a context of economic paralysis or deceleration. An end to the boom times brought by high raw material prices - fundamentally due to the demand from Asia, China in particular - has forced governments of all colors to cut subsidies and place restrictions on the public and clientelistic policies that had enabled them to win one election after another. In fact, the 2017-2019 election cycle was partly characterized by victories for officialist policies in only five of the 15 countries where elections were held. Acting presidents were re-elected in three (Honduras, Venezuela and Bolivia) and fraud was suspected in all cases, which led to the suspension of elections in Bolivia. The serving parties held on to power in the other two (Costa Rica and Paraguay). Not only that but these officialist difficulties led to close results in many elections. Fragmented parliaments are also common, which not only make governing difficult but also create problems when trying to undertake a series of reforms that could be crucial to leaving the current turmoil behind.

The rise of significant numbers of poor people into the middle classes - an important factor in legitimizing democracy - led vast sections of society to support new and more sophisticated economic, social and political demands, together with a stronger demand for quality public services (healthcare, education, housing, transport, security). Regional GDP rose by a mere 0.1% in 2019, broadly due to the situations in

Venezuela and Argentina but also due to poor performance by Brazil and Mexico.

As Patricio Navia said in Chile in reference to the situation in his country, but with a phrase used extensively throughout the region, "the middle class has seen the promised land and wants in". I would add that, at present, they feel they have been left at the gates to paradise without being able to walk through, which is generating added frustration and explains some of the recent outbreaks of violence. The clearest evidence lies in the continued presence of inequality and its reluctance to fall in spite of certain progress made in the previous period. The wealth of a few opposed to difficulties for the many highlights the offensive way in which certain unfair and unequal social and employment relations are experienced in many countries.

“The wealth of a few opposed to difficulties for the many highlights the offensive way in which certain unfair and unequal social and employment relations are experienced in many countries”

This frustration leads to disaffection with democracy and its institutions, beginning with political parties, parliaments and the justice system, which are all viewed very poorly. The Latinobarometer has been consistently and constantly measuring this for the last eight years. Furthermore, ideas that the politicians in power govern in the best interests of a few without looking out for the common interest of all and that social movements are preferable to political parties are extremely widespread in the public opinion of various countries.

A greater focus on social movements in detriment to political parties has a strong impact on both the form and method of protesting and on the chance of finding a negotiated exit from the conflicts. Many movements lack clearly defined leadership, which creates difficulty for governments seeking to find effective channels of negotiation. This has repeatedly been the case in Chile. On the other hand, the Government of Ecuador led by Lenin Moreno was able to reach an agreement with the Confederation of Indigenous Nationalities of Ecuador (CONAIE) to end the street violence in Quito and other major cities throughout the country.

Corruption, drug trafficking and organized violence, and their effects on public order and security, have climbed the list of public concerns. Thanks to Odebrecht and the presence of Brazilian and Mexican cartels beyond their borders, both phenomena have ceased to be domestic problems and become regional threats that demand coordinated inter-governmental responses. However, the increased fragmentation and differences emerging from the 2017-2019 election cycle are making even the smallest level of consensus difficult, even on such pressing issues as the fight against these two major blights on society.

Finally, the presence and pressure from social media on the spread of protests. The song entitled 'El violador eres tu' - the new feminist anthem in Chile - has not only become a viral phenomenon that spread worldwide but also yet another expression of the discontent that exists among a number of diverse movements. This is not the only case. The same can be said of the song entitled 'O Bella Ciao', with the Joker masks

and with "the look" and covered faces of the most radical protesters, from one city to another in Latin America but also from one country to another around the world.

Then we come to the various conspiracy theories or the presence of foreign agents and activities in the spread of conflict, chaos and violence. Although the second in command of the regime in Venezuela, Diosdado Cabello, spoke of the "Bolivian winds" that blow in Latin America and of potential action by the São Paulo Forum and its organizations in the revolts, Venezuela lacks the organizational and economic capacity to undertake this kind of action. As there are conflicts that affected neo-liberal governments, such as Chile or Colombia, neither should Bolivia and the Bolivarian Evo Morales be forgotten, who was forced to stand down. Hence, there is neither room for Castro-Chavist conspiracies nor the CIA and US imperialism.

What have indeed come to pass, and continue to exist, are very complex situations that could be repeated in any country, as demonstrated by the resumption of protests in Colombia. Neither can the re-emergence of strife be ruled out in Chile from March following the end of the summer holidays and the return to school. The resolution of these conflicts, which would involve ending some serious imbalances, starting with inequality, cannot be achieved without commitment and active participation from the national elite. When I speak of the elite, I do so in the broadest possible sense and refer to the traditional and most modern elite, but also the economic, social, political, cultural, sports and all other forms of elite who are the ones that need to actively involve themselves if they do not want the current situation, and with it their country, to spiral out of control.

Then came the coronavirus... and everyone stopped

A considerable amount of everything said above changed radically when the COVID-19 pandemic arrived. It is true that Latin America had a highly significant advantage - the time factor - owing to the delayed arrival of what was already happening in China and then Europe. The region was not only able to learn from the experience of others but also apply much tougher and radical containment measures earlier on in the various stages of the spread of the virus. Nonetheless, most countries in the region are in a situation of greater weakness when compared with other regions in the world when tackling this crisis. On the one hand, this stems from the weakness of States in this region and, on the other, from the limited economic growth in recent years. Furthermore, the excessive presence of an informal sector in their economies means that those involved in this sector face greater danger through increased vulnerability. At least for now, the primary export sector will also suffer due to the paralysis affecting the more developed countries, including China, the United States and the European Union (EU).

One of the consequences of the outbreak of this pandemic is that a large number of the conflicts discussed in the first part of this document have either been quelled or postponed due to the nature of the crisis and its far-reaching public repercussions. In light of the healthcare emergency, the economic uncertainty regarding the immediate future and the social distancing measures meant protesters were forced to leave the streets, and this was accompanied by a significant reduction in political and social protesting. Even before the State of Health Emergency was imposed, all sorts of elections and political consultations had begun to be postponed. Paraguay was the first country to delay its municipal elections, followed by Chile, which postponed the constitutional referendum, and Bolivia, and its presidential elections.

See Carlos Malamud and Rogelio Núñez, COVID-19 in Latin America: political challenges, trials for healthcare systems and economic uncertainty, Elcano Royal Institute, ARI 27/2020 - 17/3/2020, http://www.realinstitutoelcano.org/wps/portal/ri/elcano_es/contenido?WCM_GLOBAL_CONTEXT=/elcano/elcano_es/zonas_es/ari27-2020-malamud-nunez-covid-19-en-america-latina-desafios-politicos-retos-sistemas-sanitarios-e+incertidumbre-economica



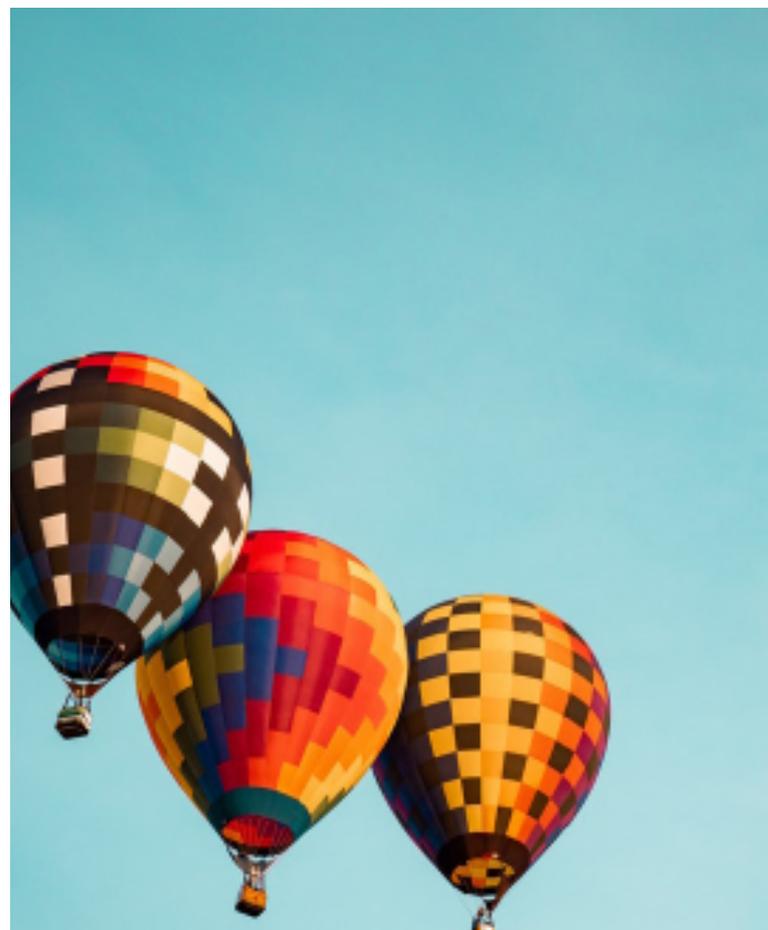
In reflection of events elsewhere in the world, a policy of “every man for himself” is gaining traction in combination with national and localist solutions. This obviously detracts from the applicability of coordinated responses in Latin America, something that is compounded by the crisis currently afflicting the entire regional integration process. In fact, supranational initiatives have been few in number until now and those that have existed are limited to those taken by the Pan-American Health Organization (PAHO). Other than that, only the will of Prosur to seek convergence in public health policies can be mentioned in this regard. This goal was promoted by President Sebastián Piñera during a video conference attended by the majority of South American presidents. However, a lack of involvement in this endeavor from the two major regional powers is regrettable, either because it does not form part of Prosur (Mexico) or because it was only represented by its Minister for Foreign Affairs (Brazil).

charge of the full weight of State apparatus and even unify government and opposition in such an unfair fight. Nayib Bukele is another notable example, given his enormous capacity to communicate, who seems to be in permanent election campaign mode and transmitting a clear populist message to win over the most disadvantaged sections of society in El Salvador.

I concluded the previous section by talking about a responsibility for the elite. In the case of the COVID-19 crisis, it will be possible to genuinely measure their level of commitment to their countries and their societies when the pandemic has been brought under control and the time comes to rebuild. It should be said that this will also depend on whether the conflicts I spoke about at the start of this document, and now momentarily silenced, will have been forgotten forever or will have simply passed through a period of forced hibernation.

“Martín Vizcarra in Peru or Alberto Fernández in Argentina, who are demonstrating strong leadership skills”

The crisis is being used to scrutinize leaderships throughout the region. Some presidents have implemented the wrong strategy and will almost certainly be questioned harshly when this nightmare is over. The most high-profile cases include Jair Bolsonaro in Brazil, Daniel Ortega in Nicaragua and even Andrés Manuel López Obrador in Mexico. Others on the other hand, such as Martín Vizcarra in Peru or Alberto Fernández in Argentina, who are demonstrating strong leadership skills, have been able to take



AUTHOR

Carlos Malamud. History Professor at the UNED and Lead Researcher on Latin America at the Elcano Royal Institute. Member of the National History Academy of Argentina, he has been selected as one of the “50 most influential Ibero-American intellectuals” according to Esglobal. He has been Senior Associate Member (SAM) at Saint Antony’s College, University of Oxford (1992/93), and Visiting Researcher at the University of Los Andes (Cátedra Corona, 2003) and the Torcuato Di Tella University. Between 1996 and 2002, he was Deputy Director of the Ortega y Gasset University Institute and Director of its Latin America Program. From 2000 to 2002, he was Director of the Security and Defense in Latin America Observatory at the same institute and Deputy Director of the New Majority Latin American Electoral Observatory. He is a Member of the Advisory Council of the Culture Institute of the MAPFRE Foundation and currently combines his work as historian with that of political analyst and international relations in Latin America.



MANAGEMENT TEAM

José Antonio Llorente
Founding Partner and Chairman
jallorente@llorenteycuenca.com

Alejandro Romero
Partner and CEO Americas
aromero@llorenteycuenca.com

Enrique González
Partner and CFO
egonzalez@llorenteycuenca.com

Adolfo Corujo
Partner and Chief Strategy and
Innovation Officer
acorujo@llorenteycuenca.com

Nazaret Izquierdo
Chief Talent Officer
nizquierdo@llorenteycuenca.com

Cristina Ysasi-Ysasmendi
Corporate Director
cysasi@llorenteycuenca.com

Juan Pablo Ocaña
Director, Legal & Compliance
jpocana@llorenteycuenca.com

Daniel Fernández Trejo
Senior Director, Technology
dfernandez@llorenteycuenca.com

José Luis Di Girolamo
Partner and Global Controller
jldgirolamo@llorenteycuenca.com

Antonieta Mendoza de López
Vice President, Advocacy LatAm
amendozalopez@llorenteycuenca.com

SPAIN AND PORTUGAL

Arturo Pinedo
Partner and Managing Director
apinedo@llorenteycuenca.com

Luisa García
Partner and Managing Director
lgarcia@llorenteycuenca.com

Barcelona
María Cura
Partner and Managing Director
mcura@llorenteycuenca.com

Óscar Iniesta
Partner and Senior Director
oiniesta@llorenteycuenca.com

Muntaner, 240-242, 1º-1ª
08021 Barcelona
Tel. +34 93 91 217 22 17

Madrid

Joan Navarro
Partner and Vicepresident,
Public Affairs
jnavarro@llorenteycuenca.com

Amalio Moratalla
Partner and Senior Director,
Sport and Business Strategy
amoratalla@llorenteycuenca.com

Iván Pino
Partner and Senior Director,
Digital
ipino@llorenteycuenca.com

David G. Natal
Partner and Senior Director,
Consumer Engagement
dgonzalez@llorenteycuenca.com

Ana Folgueira
Partner and Executive Manager
of the Creative Studio
afolgueira@llorenteycuenca.com

Paco Hevia
Senior Director,
Corporate Communication
phevia@llorenteycuenca.com

Jorge López Zafrá
Senior Director,
Financial Communication
jlopez@llorenteycuenca.com

Lagasca, 88 - planta 3
28001 Madrid
Tel. +34 91 563 77 22

Lisbon

Tiago Vidal
Partner and Managing Director
tvidal@llorenteycuenca.com

Avenida da Liberdade nº225, 5º Esq.
1250-142 Lisboa
Tel. + 351 21 923 97 00

UNITED STATES

Erich de la Fuente
Partner and Chairman
edela Fuente@llorenteycuenca.com

Carlos Correcha-Price
CEO
ccorrecha@llorenteycuenca.com

Javier Marín
Senior Director, Healthcare Americas
jmarin@llorenteycuenca.com

Miami

Emigdio Rojas
Executive Director
erojas@llorenteycuenca.com

New York City

Gerard Guiu
Director, International Business
Development
gguiu@llorenteycuenca.com

3 Columbus Circle
9th Floor
New York, NY 10019
United States
Tel. +1 646 805 2000

NORTH REGION

Javier Rosado
Partner and Regional Managing
Director
jrosado@llorenteycuenca.com

Mexico City

Rogelio Blanco
Managing Director
rblanco@llorenteycuenca.com

Av. Paseo de la Reforma 412
Piso 14, Colonia Juárez
Alcaldía Cuauhtémoc
CP 06600, Ciudad de México
Tel. +52 55 5257 1084

Javier Marín
Senior Director, Healthcare Americas
jmarin@llorenteycuenca.com

Panama City

Manuel Domínguez
Managing Director
mdominguez@llorenteycuenca.com

Sortis Business Tower
Piso 9, Calle 57
Obarrio - Panamá
Tel. +507 206 5200

Santo Domingo

Iban Campo
Managing Director
icampo@llorenteycuenca.com

Av. Abraham Lincoln 1069
Torre Ejecutiva Sonora, planta 7
Suite 702
Tel. +1 809 6161975

San Jose

Pablo Duncan - Linch
Partner and Director
CLC Comunicación | Afiliada LLYC
pduncan@clcgloba.cr

Del Banco General 350 metros oeste
Trijos Montealegre, Escazú
San José
Tel. +506 228 93240

ANDEAN REGION

Luis Miguel Peña
Partner and Regional Managing
Director
lmpena@llorenteycuenca.com

Bogotá

María Esteve
Partner and Managing Director
mesteve@llorenteycuenca.com

Av. Calle 82 # 9-65 Piso 4
Bogotá D.C. - Colombia
Tel. +57 1 7438000

Lima

Gonzalo Carranza
Managing Director
gcarranza@llorenteycuenca.com

Av. Andrés Reyes 420, piso 7
San Isidro
Tel. +51 1 2229491

Quito

Carlos Llanos
Managing Director
cllanos@llorenteycuenca.com

Avda. 12 de Octubre N24-528 y
Cordero - Edificio World Trade
Center - Torre B - piso 11
Tel. +593 2 2565820

SOUTH REGION

Juan Carlos Gozzer
Partner and Regional Managing
Director
jcgozzer@llorenteycuenca.com

Sao Paulo

Cleber Martins
Partner and Managing Director
clebermartins@llorenteycuenca.com

Rua Oscar Freire, 379, Cj 111
Cerqueira César SP - 01426-001
Tel. +55 11 3060 3390

Rio de Janeiro

Daniele Lua
Executive Director
dlua@llorenteycuenca.com

Ladeira da Glória, 26
Estúdios 244 e 246 - Glória
Rio de Janeiro - RJ
Tel. +55 21 3797 6400

Buenos Aires

Mariano Vila
Partner and Managing Director
mvila@llorenteycuenca.com

Av. Corrientes 222, piso 8
C1043AAP
Tel. +54 11 5556 0700

Santiago de Chile

Marcos Sepúlveda
Managing Director
msepulveda@llorenteycuenca.com

Francisco Aylwin
Chairman
faylwin@llorenteycuenca.com

Magdalena 140, Oficina 1801
Las Condes
Tel. +56 22 207 32 00



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