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## ARGENTINA'S MID-TERM ELECTIONS

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President Mauricio Macri's government, which nearly two years ago inherited a catastrophic situation in the political, economic and social fields, as well as in the field of public moral practices, was widely expected to win a clear victory in the mid-term elections held on 22 October 2017. That expectation proved to be correct.

Macri's election in 2015 was both a Copernican revolution in Argentine politics and a "door slam" on the corrupt and populist government of Cristina Fernandez de Kirchner, who had competed as leader of a very effective political machine, which she was willing to use to retain power for her system.

The big question in 2017 was whether the 2015 upheaval was due only to prevailing circumstances or whether it reflected deeper and more permanent causes, which would enable the Macri government to consolidate and sustain its policies into the future.

Opinion polls in the days prior to the 22 October ballot suggested, almost without exception, that the President's party, Cambiemos, would do well, and even that they had edged ahead of their Peronist rivals in the latter's Buenos Aires stronghold.

The 22 October ballot confirmed the accuracy of those polls. The governing party was victorious at the national level and in 13 of Argentina's 23 provinces. In the Province of Buenos Aires, home to 40% of Argentina's 33 million voters, Mrs. Kirchner's party won 37% of the vote and Cambiemos came first with 41%. However, Mrs. Kirchner secured the Senate seat reserved for a representative of the losing coalition, which could assure her immunity from prosecution on corruption charges.

Looking to the future, Cambiemos will increase its representation in the Lower House by 21 seats, bringing their total to 108 out of 257 Representatives, and in the Upper House they will move from 16 seats to 25 seats, a third of the Senate total. Although Cambiemos will not have an overall majority of its own, it will be able to count on the support of allied parties to achieve in both Houses the majorities needed to pass legislation and provide stable government.

Even more importantly, the political effect of these results will to open the door to Macri's reelection in 2019, and thus to the possibility of consigning to history the Kirchner era's populist policies, maybe even a Peronist party that is now in serious disarray.

Turnout was at 78 percent in a vote widely viewed as a referendum on Macri's pro-market economic reforms during his first two years in office. Kirchner had campaigned on criticisms of these reforms and the pain they have caused.

### International Perspectives

It is foreseeable that these results will enable Argentina to consolidate itself as a good destination for foreign investments, and to become a trustworthy business partner. They can reinforce the good international standing that Macri's government has achieved already.

Since Macri's inauguration a flow of important international visitors has been an indicator of Argentina's return to the world after many years of quasi-isolation. The forthcoming December WTO Ministerial in Buenos Aires and the G-20 summit due in Buenos Aires in 2018 are further indicators.

It is worth quoting the impressions of three of these visitors since, unmoved by local passions and able to adopt a more ample perspective, they are likely to draw a more accurate picture of the situation.

According to Jim Yong Kim, World Bank President, "while the macroeconomic foundations of the [Argentine] economy are in order and the Administration keeps its engagement to lower inflation, maintain a fiscal balance and pursue a sound monetary policy, the next step is to build a case for investors from all over the world. Argentina is ready for business; the opportunities surpass the risks. There is still not a general consensus in the world of investors, but we must get there."

The chairman of the Swiss National Bank, Thomas Jordan, followed Kim. He praised the government's economic policies for "being focused on addressing all the difficult matters and on structural reforms."

More recently a Moody's expert has offered the opinion that Argentina's inflation rate will continue to fall during 2018. Moody's also estimates a 3% GNP growth for the remainder of this year and 3.5% for 2018. This would mean two consecutive years of continuous growth, a novelty for Argentina since 2011.

When it comes to investment, there have been sectoral exceptions to a 'wait and see' attitude. The energy sector, for example, has registered a remarkably high level of activity.

The Moody's expert concluded that continuity in the process of economic reforms is vital, not forgetting that Argentina declared default only two years ago.

Changing the whole economic, social, cultural and political agenda of the country lies at the core of the ambitions of "Cambiamos" (which translates as "Let us change it"). Since the elections Macri has called for a meeting with leaders from different economic and social sectors to discuss a common programme for the near future. This is a new kind of initiative for Argentina, alien to its political tradition. The initiative is consistent with one of Macri's comments to the press: "Today the winner wasn't a group of candidates, nor a party. Today the winner was the certainty that we can change history forever."

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