



SPECIAL REPORT

Argentina: what lies ahead

Buenos Aires, November 2013

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1. A NEW POLITICAL MAP
2. MANY UNKNOWNNS, NO CERTAINITIES

AUTHORS

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1. A NEW POLITICAL MAP

On Sunday, October 27, the Argentinean went to the polls in order to renew the members of both the Senate and the Chamber of Deputies and elect other provincial and municipal representatives. As it was expected, the ruling party, Front for Victory (Frente para la Victoria, FpV) suffered a severe setback in the main electoral districts of the country, such as Buenos Aires, Santa Fé, Córdoba and Mendoza. The defeat of kirchnerism was evident. These results represented a clear message from the Argentinean society and anticipated the end of a cycle, as the opposition (in its various forms) received almost 70 % of the votes at a national level.

In spite of the adverse outcomes, the Front for Victory is still the most voted political force of the country. It is present in all the Argentinean provinces and obtained 33 % of the votes at a national level. It also maintained the majority of its representatives at both chambers of the National Congress, although by a narrow margin and with the looming threat of losing some of its soldiers to one of the emerging political forces that have grown in importance in the national political scenario.

Kirchnerism obtained outstanding results in the provinces of Chaco, San Juan and Entre Ríos, putting the governors of these provinces on the tracks for the presidential elections that will be held in 2015. In the case of Chaco, the main governor, Jorge Capitanich, who had obtained 45 % of the votes in the simultaneous, open and compulsory primaries (PASO in its Spanish acronym), received 60 % of the votes on this occasion and maintained two out of the three seats at stake in the Senate and three out of the four seats at stake in the Chamber of Deputies. On the other hand, the governor of the province of San Juan (who is still in the intensive care unit following a helicopter crash) obtained unexpected results, as although he was defeated in the primary elections, he won against Hector Tomas and became deputy with 55,36 % of the votes. In the Province of Entre Ríos, the ruling party received 46,24 % of the votes and won two seats. As a result, the governor of this province, Sergio Urribarri, will be another one of the presidential candidates of the ruling party.

There is no doubt that these victories were overwhelming, but so were the defeats, which fuelled other candidates that could play a role in the electoral contest of 2015. For instance, in the province of Buenos Aires, Sergio Massa (leader of the Renewal Front (Frente Renovador, FR), won against the candidate of the ruling party, Martín

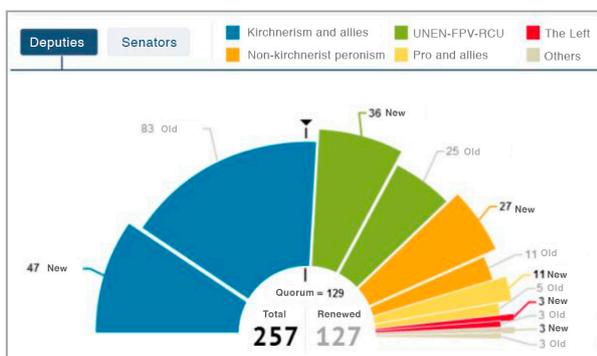
Insaurralde, by a margin of 12 points (44 % to 32 %).

2. MANY UNKNOWN, NO CERTAINTIES

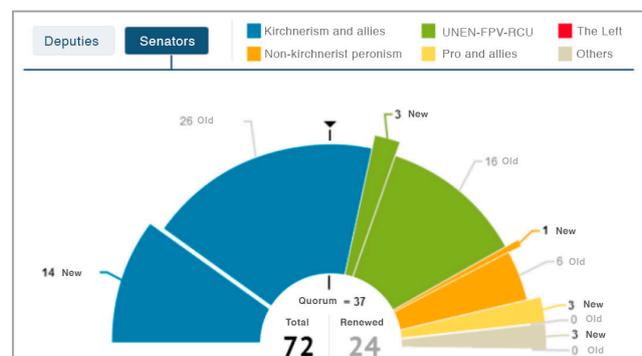
In the Autonomous City of Buenos Aires, the party headed by Mauricio Macri won the elections by a wide margin (39 % to 28 %) against the candidate of the Broad Front (Frente UNEN), Pino Solanas. As a result, Michetti (the running mate of Macri), was elected. The Kirchnerism list led by Daniel Filmus could not obtain any seat and therefore the Front for Victory will not be present at the Argentinean capital. Macri's party (PRO) also won against UNEN and the Front for Victory in the battle for a seat in the Chamber of Deputies.

The results have created a new political scenario that will become effective on December 10, when the elected Senators and Deputies will take their seats. It will represent a challenge for them, as they will have to make the National Congress a place of discussion and political debate, where all the forces elected as representatives of both the citizens and the Argentinean provinces can make their positions clear and fight to create clear and effective rules that would guide the actions of an entire nation. It is hard to know what will happen in the next two years, and the social and economic actors are uncertain about the future. If we take into account previous experiences, we can observe that the Kirchner government has always known how to overcome the worst crises, doubling all bets and following strategies that (shared or not) gave them enough air to

In view of these results and given that president Cristina Fernández de Kirchner (on sick leave since October 8) will not be re-elected, it is clear that these elections have defined the new makeup that the National Congress would have from December 10. Moreover, the results have determined how the ruling party and the opposition will face the upcoming presidential elections of 2015.



Makeup of the Chamber of Deputies



Makeup of the Chamber of Senators

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continue being leaders of the national political scenario.

However, it is unclear what will happen in this context, as there are a series of factors that those who question the Front for Victory government have discussed for a long time. First of all: would the government of Cristina Fernández de Kirchner listen to the needs of society and use the state apparatus to find a definitive solution for the serious economic and structural issues that arose in the previous years, such as: the power system collapse, the transport system deterioration, the distortion of the data measuring the national situation (price index, poverty, economic activity), the currency shortages or the inability to access the international credit market?

The most critical sectors also doubt whether the President of the Nation would address other issues such as the breakdown of the social fabric, which is caused (according to them) by the management model in place over the last decade. Moreover, they question whether Cristina Fernández would continue clinging to her hardcore followers and navigating towards the troubled waters that await her if she decides to "maintain the

coherence of the model" and leave all the problems to her successor. They also question whether she would renew the national cabinet and include other well-known figures so that they can collaborate in the final phase of her mandate. By doing so, she would be able to look for potential successors to the Presidency of the Nation. Jorge Capitanich and Sergio Urribarri are good examples of this, as these two ruling governors obtained outstanding results during the elections of last weekend.

In this context, the forces opposed to kirchnerism (which obtained important results in these last elections) do not appear to be a consolidated and unique alternative. It is true that they have joined together in the will to counter the reelection dreams of the hardcore kirchnerist followers, but their strategies to deal with the challenges of the future are different. Faced with all this, they will have to work hard in order to forge alliances and discuss projects and programs intensively during the two following years, and to do so in the proper institutional framework in order to ensure that they are not blurred or

absorbed by the ruling force, which would only seek to concretize and make viable the demands of the Executive Power in the National Congress.

Finally, those who want to continue in the race for power after the end of President Fernández de Kirchner's term will have to review the priority scales of the different sectors of society and work hard in order to promote the most suitable opportunities so that they can build their political structures and projects. Moreover, it is essential to continue (with

the required nuances) the Kirchner's policies in relation to the inclusion of sectors of society that even today are still excluded in a country which has sufficient natural resources and capabilities to create a harmonious future for the entire population.

Panama in its democratic era and to define whether the country will continue with the traditional alternation in power, if a popular party will appear or whether Panama will join the regional tendency of parties' continuity in office.

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