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PRESIDENTIAL RUN-OFF REVIEW:
GUSTAVO PETRO

**IMPLICATIONS OF THE
GOVERNMENT SHIFT**

COLOMBIA



The June 19th presidential run-off elections marked the beginning of a new political cycle for Colombia, following Gustavo Petro's victory as the country's first leftist elected president. The new national government will have to face the problems of security, unemployment, and multidimensional poverty, strengthen the banner of political change with a focus on social justice, as well as a frontal fight against corruption. On the other hand, Petro's proposals generated an initial atmosphere of expectation among sectors that supported Pacto Histórico and its opponents, who will have their main opposition scenario in the Congress for the 2022 - 2026 term.

Furthermore, Colombia joins the block of progressive countries in the Latin American region; from his speech, Gustavo Petro proposed an alignment with these countries' agenda mainly focused on social and structural changes that allow the equitable distribution of wealth, access to public services and social security expansion. Moreover, the presidential run-off showed a series of trends related to Colombian issues for political discussion, as well as highlighting new complexities that lie ahead.

This could be reflected in three main aspects: 1) Since 1994 presidential candidates' main agenda has been related to peace processes and solutions to the armed conflict. 4 years after the Habana Peace Agreement with FARC, the political landscape revealed other issues that are of concern for the citizens (war against corruption; environmental issues; health reform; fiscal and economic model); 2) The presidential run-off development showed that the anti-establishment narrative belongs to the left-wing as well as to the right-wing. The rise of Rodolfo Hernández (second-placed candidate) shows the disapproval towards traditional parties as well as the people's desire for a total political shift; 3) The presidential electoral process in Colombia revealed a division of the right-wing in the country. On the one hand, an important part was represented by Rodolfo Hernández, who showed a strong disagreement with the traditional political parties. On the other hand, mainly positioned in the region of Antioquia, the right-wing was represented by Federico Gutiérrez, Centro Democrático and parties such as Conservador, fractions of Partido de la U and Cambio Radical.

Therefore, from Vali Consultores, a public affairs consulting firm, we present this report in two parts: In the first part we analyze the presidential run-off, with emphasis on the challenges that the next National Government will face, at a social and institutional level; as well as what we can expect from diplomacy and international relations. The second part will be focused on a brief analysis of how this four-year term ends in Congress, and the legislative challenges Gustavo Petro will face during the 2022-2026 term.

GUSTAVO PETRO

2022 - 2026

COLOMBIAN PRESIDENT

RESULTS

Colombia elected Gustavo Petro from Pacto Histórico as President of the Republic 2022-2026 with 11,281,013 votes or 50.44%. The candidate Rodolfo Hernández obtained 10,580,412 votes, he will be part of Congress as Senator¹. Although the difference between the candidates was only 3.22%, the strength, and growth of Gustavo Petro in regions such as the Caribbean, the Pacific, and the south of the country was essential to guarantee his victory.

On the other hand, Rodolfo Hernández's main strategy for the run-off was focused on capitalizing on the votes obtained by Federico Gutiérrez (third-placed candidate) as well as from traditional parties, so he centered his efforts in the regions where these parties historically win. Likewise, he consolidated his victory in the region of Antioquia where he won with 64%, thus confirming the trend of his campaign towards the capitalization of traditional votes since it was the only region where he cemented his victory, concerning the first-round results.

In comparative terms, participation increased and showed that the political strategy was focused on reaching abstentionists in the regions that were already established, but not on disputing new territories. The opinion vote maintained its protagonism and allowed the consolidation of effective participation. However, the campaigns and dissemination activities took over the social networks and the relationship in the streets with the voter 1:1.

¹The Opposition statute (Law 1909 of 2018) grants, among other things, a seat to the electoral competition runner-up for any major executive office i.e. Mayors, Governors, or Presidents for their respective collegiate body (City Council, Departmental Assemblies, or Congress)

- Regions where Gustavo Petro won



- Regions where Rodolfo Hernández won





PRESIDENT ELECT-SPEECH: GUSTAVO PETRO

During his victory speech, the president-elect emphasized the importance of the Gran Acuerdo Nacional (Great National Agreement) as the central policy of his government, where he highlighted understanding, dialogue, and comprehension, as key elements to generating opportunities in the regions, based on the recognition of their needs. On the other hand, he developed three lines that will guide his actions in the defense of the (government of life) gobierno para la vida: i) Peace; ii) Social Justice and iii) Environmental Justice. Furthermore, the Acuerdo Nacional includes a series of reforms focused on continuing the effort to materialize the 1991 Constitution in which fundamental rights are respected. Additionally, it contemplates the elimination of arms outside the State monopoly on weapons, the defense of capitalism and overcoming feudal processes; defending the spaces of indigenous communities focused on popular economy and credits that will allow new forms of relationships, based on new technologies that facilitate a transition to non-extractive productive economies.

A NEW GOVERNMENT: FIRST 100 DAYS

Once elected, Gustavo Petro will have to shape his ministerial cabinet. The leaders of the different ministries will allow him to generate stability in the different economic sectors, as well as in his electorate, giving a glimpse of the lines and priorities of his government. The appointment for the Ministry of Finance is key to the extent that the economic situation is one of the main concerns for the private sector and guild alike, therefore these appointments will be able to give calm to the economic sectors and markets; likewise, there will be important ministries such as Defense, Foreign Affairs and Commerce. Moreover, in the coming weeks, the transition between the outgoing and the incoming government will begin. On the part of the incoming government, the actors that will participate are the same as the campaign's programmatic teams.

Furthermore, the first 100 days of the new president will be essential to understand the path the new government intends to take regarding the productive sectors of the country. In his most recent pronouncements, he has emphasized the development of the Gran Acuerdo Nacional (Great National Agreement), which contemplates a series of reforms to key sectors, including health reform, agrarian reform, and the transition from an extractive economy to an agro-industrial economy; on the other hand, he has mentioned that the banners for peace, social and environmental justice are the three fundamental pillars with which he will seek to reduce inequality.

HEALTH SECTOR

In procedural terms, it is important to emphasize that Gustavo Petro does not have, at least initially, the necessary majority to approve structural reform initiatives. However, via administrative acts he could manage, and advance actions related to medicines price control or medical devices, updating the main health authority (INVIMA) and public policies regarding intellectual property. Regarding the policies for price control currently, there are two main methodologies: International Reference Prices (IRP) and Price Based on value. It is important to point out that the update of the list subject to price control is generated every year, for this reason, Gustavo Petro could advance the inclusion of new International Reference Prices (IRP).

INFRASTRUCTURE SECTOR

- Petro has recognized the budgetary limitations that the country's has to advance with the social spending required by the proposals of his government program. For this reason, in the first 100 days, a discussion on tax reform may take place to define the budgetary resources for infrastructure.
- On the other hand, it should be taken into consideration his relationship with the construction industry during his term as Bogotá's mayor (2012-2015) reflected in measures such as the obstacles to construction licenses, excessive regulation on land use, and restrictions on construction material transport. This generated a conflictive relationship between the mayor's office and the construction guilds. Moreover, considering his government program's desire for the State to be a central player in the infrastructure sector, a possible consequence would be that private actors wishing to carry out their initiatives would face a price increase for the acquisition of building land, its eventual lease, and even the necessary inputs to carry out their processes.

TECHNOLOGY AND TELECOMMUNICATIONS

SECTOR

- As a fundamental pillar of the Gran Acuerdo Nacional (Great National Agreement), the president-elect emphasizes the elimination of access barriers to vital services. Petro has stated that the Internet should be a fundamental right to overcome poverty and generate equality. Furthermore, according to his government plan, the technology sector will be impacted by actions that seek to develop and implement agile, flexible, and modern regulatory frameworks that allow the use of technology.
- On the other hand, Gustavo Petro made a special call to work in coordination with Latin American countries. In this regard, the work that has been carried out by the Pacific Alliance, which focuses on the generation of a single Latin American digital market to consolidate relations with other countries will be important. Finally, actors surrounding the president-elect have highlighted the importance of generating conditions to face the dominant position within sectors such as telecommunications and digital innovation. In this sense, it has been proposed that the tax reform should generate taxes for companies with dominant positions, seeking to reduce the gap between these companies and small and medium-sized companies at a national level.

ENERGY-MINING

SECTOR

- It is well known that Petro wants to ban and suspend fracking pilots as well as the granting of new licenses for oil and open-pit mining exploration since it does not require the passage of a legislative initiative in Congress. This requires a Public Policy and guidelines in the mining and energy sector that discourage the extractive economy and generate energy transition. While structural modifications need to be approved through bills, this will give way to decarbonization, strengthening of environmental licenses, and mining concessions.
- In the first 100 days, there could be discussions on the modification of the royalties system (given by mining and oil income) in terms of the methodology used to distribute the resources in the regions. Likewise, it will be relevant to observe how the new government will act concerning medium and small-scale mining. An important point of discussion in Congress will be the possible loss of income from the hydrocarbon and mining sector in some regions of the country; this will bring pressure from the electorate of those parties with great regional strength, demanding the defense of territorial finances.

AGRICULTURE

SECTOR

- The implementation of his program will face significant obstacles in the first 100 days of government since it suggests a paradigmatic change in the country's agrarian policy. In this sense, he will be forced to generate consensus within the legislature with an emphasis on parties with regional strength and whose agenda includes the countryside as a priority. Public policies such as the multipurpose cadaster, social organization of property, and land formalization will be important cornerstones of his agricultural proposals.
- On the other hand, the modification of the Free Trade Agreements opens a different door of discussion, since to achieve this, it is required to restart negotiations with the countries and ratify the agreement through Congress. This may create uncertainty, especially for domestic producers who have benefited from the reduction of tariffs on agricultural products as well as to international investors as they could perceive a lack of legal security regarding international agreements for free commerce.

INTERNATIONAL RELATIONS AND DIPLOMACY

International overview

The administration of the new Colombian president will be faced with complex international dynamics in foreign policy. Key elements such as the geopolitical conflict in Europe due to the war between Russia and Ukraine -which has put food and energy security in jeopardy-, the economic crisis in the United States due to high inflation levels, and the growing influence of China in the region -in terms of investment, trade, and regional cooperation-, the migratory wave, regional integration and the resumption of diplomatic ties between Colombia and Venezuela, will be the main agenda items on which the new president will have to focus.

Colombia-EE.UU relations

Within the context of the presidential run-off elections, countries with which Colombia maintains close diplomatic and trade relations have expressed their views on Gustavo Petro's election as the new president. An example of this has been the statement made by U.S. Secretary of State, Antony Blinken, who expressed those relations between Colombia and the United States will continue to strengthen and that they will work with the new government. Likewise, in the days before the second round, 24 representatives of the U.S. House of Representatives, from the Democratic Party, had sent a letter to the Secretary of State, Antony Blinken, requesting his support for the electoral process in Colombia, to hold free and fair elections.

In this context, U.S.-Colombia relations have been built on a foundation of trust and bilateral closeness. Beyond the specific concerns that the new president's proposals may generate, what the United States fears most is losing its main ally in the region and this will have a political cost for the Democrats in the November legislative elections. For this reason, the U.S. government has been developing a series of new strategic alliances with the current Colombian government to maintain its influence in the region. Nonetheless, this relationship will require strengthening due to the erosion of the bilateral relationship during the Iván Duque administration, because of the preferences shown by some people close to the governing party in the 2020 presidential elections.

Colombia- Latin America

The Government led by Gustavo Petro will develop in a Latin American context with progressive and leftist political tendencies. This has been led by López Obrador in Mexico since 2018, which has promoted social and economic reforms under the premise of a social and structural change. In 2019, the Frente de Todos (Popular Front), which is a coalition of leftist parties coming from Kirchnerism and Peronism, won the elections in Argentina, with Alberto Fernández and Cristina Fernández de Kirchner, elected as president and vice-president respectively for 2020-2024. In the same year, the Movement Towards Socialism (MAS) returned to power in Bolivia with a new president Luis Arce, who had been Minister of Economy during the government of Evo Morales. By 2021, Gabriel Boric in Chile and Pedro Castillo in Peru won the elections in their respective countries. Likewise, Xiomara Castro, representative of the Libertad y Refundación party, was elected president of Honduras.

This trend in the region has been toward equitable distribution of wealth, access to public services, and expansion of social security coverage. However, leaders in the region face both strong legislative opposition and economic constraints. Along these lines, Latin American leaders will face difficulties such as inflation and stagnant economies to bring about a change in structural problems. In addition, poverty levels are at one of the highest levels in the last 20 years.

LESSONS ON THE RELATIONSHIP BETWEEN CONGRESS AND THE NATIONAL GOVERNMENT

IN THE PERIOD 2018 - 2022

The 2018 - 2022 term in Congress was marked by important issues in terms of national security and public health, causing the relationship between the executive and legislative branches to face challenges caused by the Covid-19 pandemic and the National Unrest turn into massive protests around the country. Because of that, the National Government, led by President Iván Duque, reshaped its strategy toward Congress on several occasions.

At the first moment, the pressure was generated by the Partido Conservador, Partido de La U, and Cambio Radical political parties, which supported the Duque election. They demanded representation in the executive branch through ministerial positions. In a second moment, the crisis generated by Covid-19 and the social outburst that had its peak in May 2021, forced President Iván Duque and his team to rethink the legislative initiatives they intended to promote, as is the case of the tax reform presented by the former Minister of Finance, Alberto Carrasquilla. Although, at times the relationship between the legislative and executive branches became tense, mainly in moments of social conflict the National Government managed to move forward most of the government projects over the years in its legislative agenda, approving an ambitious bills package aimed at economic reactivation, to provide support to different sectors that were directly affected by the quarantine.

Those elements allow to generate a series of reflections and insights for the new National Government and the new Congress, which will take office in the coming months. The first of them is the need to generate agreements, at least initially, with the different political parties that supported and integrated the coalition that allowed Gustavo Petro to become President. Furthermore, his government needs to include the different political forces and positions that could be potential Government coalitions, avoiding the tension experienced by President Duque in his first year in office. Duque appointed a ministerial cabinet of a technical nature, which, at times, felt distant from the legislative power. **The second element is** the need to prioritize issues as his electoral campaign addressed various problems. This means that the following legislative year in which the next National Government will find itself, will need to leave room for action to the political parties, so that they can promote initiatives that are of strategic interest to these political organizations.

The new executive branch will have to consider these elements it intends to successfully pass a legislative agenda that provides solutions to the most important challenges that the country faces, as well as to maintain a stable relationship with Congress. Furthermore, considering the type of relationship that the legislature had with the executive branch throughout the period 2018 - 2022, as well as the dynamics that took place in terms of discussion of key bills for the National Government, the following section portrays an overview and an analysis

2021-2022 LEGISLATIVE TERM: HOW DOES CONGRESS END AND WHAT ISSUES REMAIN ON THE TABLE?

The 2018 - 2022 term of the Congress of the Republic ended last June 20 in a scenario of low tensions regarding discussions related to bills and political control debates. For the most part of the last legislative term (July 2021-June 2022), ordinary sessions either in constitutional committees or the House and Senate floors focused on approving legislative initiatives with low political cost so that congressmen could concentrate on the electoral process for both April legislative elections and may-June presidential run-offs.

Although in the final stretch of the Congress, the National Government had a legislative agenda that sought to modify some structural aspects, it finally presented a limited agenda to avoid generating tensions with the political parties. Hence, the government filed a series of bills, mainly focused elements for a harmonious transition of power with the elected Government. These bills were:

- **TRANSITION OF POWER PROCESS REGULATION:** This bill aims to create clear rules regarding the delivery of information by the outgoing Government to the new. However, it did not receive any debate and was shelved.
- **SEATS ASSIGNMENT FOR THE PEACE SEATS IN CONSTITUTIONAL COMMITTEES WITHIN CONGRESS:** This bill seeks to establish specific rules for the assignment of seats on constitutional committees for the Representatives elected by the special peace constituencies.

On the other hand, in the legislative agenda for the next Congress, some pending issues and bills could have priority, depending on the interest, agenda and political willingness of the next Government. Moreover, the main initiatives for the most important productive sectors are the Escazú Agreement and Small Farmers Strengthening for the Agriculture sector; Access to Contraceptives and Menstrual Rights, and Modification of the Cancer Institute for the Health sector; Programmed Obsolescence for Technology and Telecommunications; and Illegal Mining for the Mining-energy sector.

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