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## FEATURED Q&A

# Is Castro Finding a Fair Balance for Honduran Mining?



Honduras' government announced this month that it will ban open-pit mining in the country and also cancel mining permits. The Los Pinares mine in Honduras is pictured. // File Photo: Inversiones Los Pinares.

**Q** Honduran President Xiomara Castro's administration announced March 1 that it will ban open-pit mining and cancel environmental permits for mining in the Central American country. The Honduran Ministry of Mining described the industry in the country—which mines gold, silver, copper, lead and zinc—as “extractive exploitation” that is “harmful” to Hondurans and their environment. What are the specifics of the plan, and which mines and environmental permits will be affected? Who benefits from the decision, and which interests will be harmed? How will the decision affect Castro's political standing and support, and what will be the consequences for Honduras' economy?

**A** Juan Carlos Sikaffy, president of the Honduran Council of Private Enterprise: “Honduras' private sector has expressed its support for the new government of President Xiomara Castro and its desire to work together to generate jobs and wealth for our country. Honduras, after a pandemic and two hurricanes, urgently needs economic and social recovery. In this sense, we have asked the government for support to improve the conditions for doing business. Unfortunately, this measure on mining does not improve that situation. On the contrary, it will affect sectors such as cement and construction, which generate massive employment—just what we need right now. Likewise, industries that use hydrated lime, such as agriculture, construction, poultry and thermoelectric plants to generate electricity would be seriously affected. Without extractive sand and gravel collection and the production of lime, we could face the total collapse of the construc-

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## TODAY'S NEWS

### POLITICAL

## Petro Secures Nomination in Colombia Primary

Leftist Gustavo Petro secured the nomination of the Historic Pact coalition in Sunday's presidential primaries in Colombia. Former Medellín Mayor Federico Gutiérrez and Sergio Fajardo also won their respective primaries in Sunday's elections.

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### ECONOMIC

## Argentina's Lower House Passes Debt Deal With IMF

The lower house of Argentina's Congress approved the government's debt refinancing agreement with the International Monetary Fund. The Senate must also give its approval for the deal to take effect.

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### POLITICAL

## Boric Inaugurated in Chile, Vows to Fight Inequality

Gabriel Boric took office Friday as the youngest president in Chile's modern era, vowing to fight inequality in the country.

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Boric // Photo: Facebook Page of Gabriel Boric.

## POLITICAL NEWS

## Boric Takes Office in Chile, Vows to Fight Inequality

Gabriel Boric, 36, took office Friday as the youngest president in Chile's modern era, vowing to improve Chileans' lives and to tackle inequality in the country, the Associated Press reported. "We come to give ourselves body and soul to making life better in our country," Boric said in a speech on the balcony of the La Moneda presidential palace in Santiago. He called for unity, but warned that "the road ahead will undoubtedly be long and difficult," the AP reported. In his speech, Boric touched on issues including climate change, economic inclusion and immigration, and said he would lead a government that represents all of Chile's citizens, not just his left-wing base, Reuters reported. "I will always listen to the proposals of those who think differently from us," said Boric. "I'll be a president for all Chileans." A former student protest leader, Boric has vowed to overhaul the country's market-driven economic model in order to fight inequality, though he has moderated his rhetoric over the past several months. Chile is also currently in the process of rewriting its dictatorship-era constitution, which has helped fuel economic growth, but is also blamed for worsening inequality. "We need a constitution that unites us," Boric said Friday, Reuters reported. "A constitution that's different from the one imposed by blood, fire and fraud of the dictatorship," he added. Boric faces several challenges, including high inflation and a divided Congress. "Boric will need to maintain support of his political base, the young, more radical forces demanding to redress acute inequalities," Michael Shifter, president of the Inter-American Dialogue told the Advisor in a [Q&A](#) published Friday. "They will press for fundamental reforms in pensions, education and health, a more inclusive and greener economy and increased taxes on the wealthy. Expectations are high, but enacting these measures will be tricky," given the divided Congress, Shifter added.

## Petro Secures Nomination in Colombia Primary

In Sunday's presidential primary in Colombia, leftist Gustavo Petro secured the nomination of the Historic Pact coalition ahead of the country's May 29 presidential election, the Associated Press reported. With almost all the votes counted, Petro won 80 percent of the more than 5.4 million votes cast in the coalition's primary, the wire service reported. In other primaries, 3.9 million voters cast ballots in the presidential primary of the conservative Team Colombia coalition, which former Medellín Mayor Federico Gutiérrez won. The centrist Hope Coalition drew two million voters to its primary, which was won by Sergio Fajardo, also a former mayor of Medellín, the wire service reported. The three candidates, along with several other hopefuls from smaller parties, will compete in the May presidential election. If no candidate receives more than 50 percent of the votes, a runoff would be held in June between the two top candidates. Petro received more than four million votes, more than twice the number of votes cast for all the candidates in the centrist coalition's primary, the AP reported. In Sunday's vote, Colombians also cast ballots for members of Congress. Petro's coalition appeared to win 17 of the 108 seats up for election in the fragmented Senate, which would make it the largest bloc, just ahead of the Liberal and Conservative parties, the Financial Times reported. In the lower house, Petro's party was poised to win 25 of the 187 seats up for election, making it the second-largest bloc after the Liberal Party, the Financial Times reported.

## Nicaraguan Judge Convicts Cristiana Chamorro, Brother

A Nicaraguan judge on Friday convicted former presidential contender Cristiana Chamorro and her brother Pedro Joaquín Chamorro Barrios,

## NEWS BRIEFS

## Salvadoran Judge Orders Arrest of Former President Cristiani

A Salvadoran judge on Friday ordered the arrest of former President Alfredo Cristiani and five others for their alleged links to the 1989 murders of six Jesuit priests, a domestic worker and her 16-year-old daughter during the Salvadoran Civil War, Agence France-Presse reported. Prosecutors filed charges against the group on Feb. 25, and on Friday the judge ordered them to be placed "under provisional detention." Cristiani, whose whereabouts are unknown, denies the allegations, AFP reported.

## Venezuelan Oil Production Could Rise by 40,000 Barrels Per Day: Chamber

Venezuelan oil output could potentially increase by at least 400,000 barrels per day (bpd) if the U.S. government authorizes partners of state-run PDVSA to trade Venezuelan crude, Reuters reported, citing Reinaldo Quintero, the president of Venezuela's Petroleum Chamber, during a Friday press conference. The increase would push the Andean country's daily oil production to rise to approximately 1.2 million barrels, Quintero said. The news comes less than a week after a U.S. delegation traveled to Caracas for talks with representatives of Venezuelan President Nicolás Maduro's government.

## Brazilian Fintechs Will Face Tougher Rules: Central Bank

Financial technology companies in Brazil will face tougher rules beginning next year, the country's central bank announced Friday, Reuters reported. Brazilian payment companies will have to adhere to new regulations based on their size, and they will face new rules for raising capital, the central bank said. The regulations will start taking effect next January.

two outspoken critics of Daniel Ortega's administration, of financial crimes, Reuters reported, citing information provided by their relatives. They were both arrested last summer on charges that international human rights groups and the United States have called politically motivated. In a [Q&A](#) published Feb. 22 in the Advisor, Moisés Martínez Mayorga, an investigative journalist at Confidencial newspaper in Nicaragua, said Ortega's "regime is betting on establishing a climate of fear and political submission that prevents the emergence of new leadership and eliminates any possibility of a new social outburst." Ortega's administration imprisoned 46 of his opponents leading up to last year's presidential elections.

## ECONOMIC NEWS

# Argentina's Lower House Approves Debt Agreement With IMF

The lower house of Argentina's Congress on Friday approved an agreement between the government and the International Monetary Fund to refinance \$45 billion in debt on an overwhelming vote of 202-37, with 13 abstentions, the Associated Press reported. The deal with the IMF has divided the Frente de Todos governing party in recent months and led to protests in front of the congressional building in Buenos Aires. The program's objective is to address high inflation in Argentina through "a multi-pronged strategy involving a reduction of monetary financing of the fiscal deficit" as well as a new monetary policy implementation framework with the goal of promoting a "steady decline of inflation over time," the IMF said in a March 3 statement. A "continued exclusion from international debt markets would leave the government increasingly reliant on printing money—and exacerbating inflation—to fund the deficit," Kezia McKeague, a director at McLarty Associates, told the Advisor in a [Q&A](#) published Jan. 21. The debt agreement must be approved by the Argentine Senate, as well as the IMF's board, before it can be implemented.

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tion industry, implying the need to import products instead of producing them locally at lower prices. The construction of housing would come to a halt and roughly 464,000 jobs in the construction sector would be put at risk. Additionally, it is estimated that if the mining ban persists, some 4,000 jobs could be lost in cement factories alone. The country's economy would be severely hit as this industry represents 4 percent of the total GDP, which in terms of added value is equivalent to around \$300 million. For this reason, we hope the private and public sectors can sit down and discuss this issue and make the best technical and environmental decision possible for Honduras."

**A** **Lisa Hugaard, co-director of the Latin America Working Group:** "The Honduran Energy and Environment Ministry issued a statement on March 4 saying that 'open-pit mining without control or supervision' is harmful to the environment and human health. It pledged to 'review, suspend and cancel' some environmental licenses and concessions. The announcement, in line with President Xiomara Castro's campaign promises to promote public and private investments that support socially responsible development, was greeted enthusiastically by local environmental groups. It is not clear how broadly this will be applied, and implementing it will likely require Congress to pass legislation. Open-pit mining is controversial in Honduras. Former President Juan Orlando Hernández, whom the United States is seeking to extradite on drug trafficking and corruption charges, issued mining concessions with little scrutiny. Communities actively opposed many operations because of the impact on their land and water. Those opposing mining operations in Honduras have faced threats, attacks and imprisonment. Eight leaders from the Guapinol community protesting mining company operations due to river pollution spent two and a half years in pre-trial detention. Honduras'

Constitutional Court overturned their Feb. 9 conviction, which the U.N. special rapporteur on human rights defenders had called 'appalling.' U.N. High Commissioner for Human Rights representative Isabel Albaladejo recently noted the 'fear and risk expressed

“Those opposing mining operations in Honduras have faced threats, attacks and imprisonment.”

— Lisa Hugaard

by people in neighboring communities' due to mining operations in Azacualpa. Those communities are peacefully opposing the exhumation of graves in their cemetery, mining explosions that affect their homes, river contamination and other impacts of open-pit mining. Honduras is one of the world's most dangerous countries to be an environmental defender. Yet, responsible efforts to regulate environmentally damaging projects could face a backlash, as similar efforts have in other countries. President Castro's challenge is to encourage socially responsible local and international investment while preserving the environment and protecting the rights of communities and environmental activists in Honduras. It shouldn't have to be this hard."

**A** **Arturo Zacapa, managing partner at Dentons Muñoz Zacapa in Honduras:** "President Xiomara Castro's campaign included promises to ban open-pit mining on grounds that it displaces vulnerable communities and is harmful to the environment, public health and good public governance. Shortly after Castro's swearing in, the Ministry of Energy, Natural Resources, Environment and Mining (known as MiAmbiente) issued a statement that said such mining activity was banned and existing mining permits were to be can-

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celed, adding that mining limits access to water, which is a violation of human rights. Public opinion has been very vocal opposing this position, not on public policy grounds, but rather because it contradicts principles of due process and the fact that the ban was to be retroactive. Arguments have been made that the government's position goes beyond Castro's campaign promises, which were framed under rule of law and checks on abuse of power. As a result of the public backlash, MiAmbiente Minister Lucky Medina March 4 withdrew the statement and changed course on the retroactive aspect of the mining ban. He said: '...those who possess legal [mining] permits will be able to continue with their activities, however, those who do not possess legal permits for extractive metallic and nonmetallic mining should be aware by the immediate actions to be taken by the state.' Uncertainty about new concessions and permits persists among both domestic and foreign investors, many of whom are hopeful that any changes to Honduras' mining sector will follow both rule of law and due process, and that the principles of separation and checks on power will be respected."

**A** **Edmundo Lizarzaburu, professor and researcher at ESAN University in Lima:** "Latin American countries are not only linked by language, culture and beliefs, but also by prejudices, problems and challenges that we face. The mining boom in Honduras, through the ratification of the mining law of April 2013, was the catalyst for a rise in conflict with local communities, with some of them even declaring their zones to be off limits to any mining activity. The law focused on the benefits of legal

mining, but it did not take into account the concerns of communities where mining activity was to be conducted. The lack of public consultations and the indifference to legitimate concerns about pollution and water contamination led to an unintended consequence: anti-mining protesters have

“**Anti-mining protesters have become increasingly radicalized.**”

— Edmundo Lizarzaburu

become increasingly radicalized. When once they would have entertained the idea of limited and regulated extraction, now they oppose any kind of mining activity anywhere in the country. Hondurans still remember the disastrous consequences of mining in the Siria Valley in Francisco Morazán department. There, the Fischer Watt Gold Company carried out exploration in the area, leaving a trail of pollution and ecological destruction in its wake, as well as economic damage to the surrounding communities. Mining and responsibility are two words that are not divorced from the discourse of the industry. From the conception of shared value with respect to all the related parties, it can generate sustainable economic development in the country, and can create economic opportunities for local communities. But the process must be transparent, and the value of what is extracted must be more fairly shared among all stakeholders.”

*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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**Erik Brand**

Publisher  
[ebrand@thedialogue.org](mailto:ebrand@thedialogue.org)

**Gene Kuleta**

Editor  
[gkuleta@thedialogue.org](mailto:gkuleta@thedialogue.org)

**Leticia Chacón**

Reporter  
[lchacon@thedialogue.org](mailto:lchacon@thedialogue.org)

**Mark Kennedy**

Reporter  
[mkennedy@thedialogue.org](mailto:mkennedy@thedialogue.org)



**Michael Shifter**, President

**Rebecca Bill Chavez**, Nonresident Senior Fellow

**Bruno Binetti**, Nonresident Fellow

**Sergio Bitar**, Nonresident Senior Fellow

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Subscription inquiries are welcomed at [ebrand@thedialogue.org](mailto:ebrand@thedialogue.org)

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