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FEATURED Q&A

What Will Result From Nicaragua Leaving the OAS?



The government of Nicaraguan President Daniel Ortega announced last month that it had completed its withdrawal from the Organization of American States. // File Photo: Nicaraguan Government.

Q Nicaragua's government announced April 24 that it had completed its withdrawal from the Organization of American States, closing the local OAS office and revoking the credentials of some of its officials in the Central American country. The OAS criticized the move, saying Nicaragua's withdrawal cannot take effect until next year. Nicaragua had announced last November that it would leave the organization after the OAS General Assembly condemned the country's Nov. 7 presidential election, which has been internationally criticized as a sham. What are the main reasons behind Nicaragua's withdrawal from the organization? How much will Nicaragua's departure from the OAS affect international scrutiny of President Daniel Ortega's government? How useful is the OAS and its Inter-American Democratic Charter if countries can simply pull out of the organization if they are deemed to have violated the charter, as Nicaragua was last December?

A Moisés Martínez Mayorga, investigative journalist at the digital portal of Confidencial newspaper in Nicaragua: "Since the regime of Daniel Ortega and Rosario Murillo established a police state and suppressed civil rights and democratic freedoms in Nicaragua following the massacre of civil protests in 2018, the OAS has approved nine resolutions on the crisis in the Central American country. Three were approved by the General Assembly, and six by the Permanent Council. They have all condemned the abuses of the regime and demanded the restoration of democracy in Nicaragua. The regime has simply ignored them. However, beyond being condemnations that

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TODAY'S NEWS

ECONOMIC

Argentina Bars Banks From Cryptocurrencies

Argentina's central bank barred financial services institutions from offering services to clients related to cryptocurrencies.

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BUSINESS

Petrobras Reports Jump in First-Quarter Profit

Brazilian state oil company Petrobras reported a jump in first-quarter profit as the price of oil soared. The company said its net income rose to 44.6 billion reais (\$8.9 billion) as compared to 1.2 billion reais in the same quarter last year.

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POLITICAL

Brazil's Bolsonaro Vows Audit of Voting System

Brazilian President Jair Bolsonaro said Thursday that his party would audit the country's voting system before the October election. For months, Bolsonaro has raised unsubstantiated claims of problems in the voting system.

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Bolsonaro // File Photo: Brazilian Government.

POLITICAL NEWS

Bolsonaro Vows Audit of Voting System Before Election

Brazilian President Jair Bolsonaro, who for months has questioned the reliability of the country's voting system without providing evidence of problems, said Thursday that his party would seek to audit the system before the October vote, the Associated Press reported. "As allowed by electoral law, we will hire a company to do the audit," Bolsonaro said in a live broadcast via social media, the wire service reported. "People want transparent elections in which the vote is effectively counted for their candidate," he added. Bolsonaro's critics have expressed concerns that he is preparing to contest the results in October in the event that he loses his bid for re-election to former President Luiz Inácio Lula da Silva. In his broadcast over social media, Bolsonaro said Brazil's military has made nine suggestions to the country's electoral court in order to improve the voting system, but added the armed forces have received no response. "Initially [the armed forces] raised hundreds of vulnerabilities to go through this with a fine-tooth comb. It has been a long time ... If electronic ballots are impregnable, why [is the electoral court] worried?" said Bolsonaro. "The head of the electoral court should thank them, take the necessary measures, discuss with the team of the armed forces so the elections are held without any suspicion," he added. The military "will not perform the role of just rubber stamping the electoral process, or take part as spectators," Bolsonaro said. During Bolsonaro's broadcast, General Augusto Heleno, a top advisor to Bolsonaro, denied a Reuters report that the director of the U.S. Central Intelligence Agency told top Brazilian officials last year that Bolsonaro should stop questioning Brazil's voting system. In comments to reporters in Washington, State Department spokesman Ned Price declined to comment on anything that CIA Director Bill Burns may have said about the subject. "It's important that Brazilians, as they look forward

to their elections later this year, have confidence in their electoral systems and that Brazil once again is in a position to demonstrate to the world through these elections the enduring strength of Brazil's democracy," said Price, the AP reported. Earlier this week, Brazil's Supreme Electoral Court withdrew an invitation it had made to the European Union for it to send observers to the election, Reuters reported. The move, which the Brazilian election body and the European Union confirmed on Tuesday, followed the Bolsonaro government's objection to the invitation. In the election, Bolsonaro faces a tough challenge from Lula, who has been leading him in the polls. However, Bolsonaro has narrowed the former president's lead, the Financial Times reported. At the beginning of the year, some polls showed Lula with a lead of 20 percent ahead of Bolsonaro. However, more recent polls show Lula leading by only 5 percent, the newspaper reported. [Editor's note: See [Q&A](#) on Brazil's upcoming election in the April 8 issue of the Advisor.]

ECONOMIC NEWS

Argentina Restricts Banks on Digital Currency Sales

Argentina's central bank on Thursday barred the country's financial institutions from offering services to clients involving unregulated digital assets such as cryptocurrencies, Bloomberg News reported. The ban also covers assets whose returns are dictated by cryptocurrencies' fluctuations, the news service reported. The central bank's move came just days after Argentina's Banco Galicia and digital bank Brubank announced that they would allow customers to buy cryptocurrencies including Bitcoin, Ether and USDC. In issuing the ban, the central bank said it was seeking to "mitigate the risks" involved in digital asset transactions. Those risks include cyberattacks, volatility and money laundering, the central bank said in a statement. Cryptocurrencies have caught on strongly in Argentina, Juan Llanos, chief

NEWS BRIEFS

Columnist Becomes Ninth Mexican Journalist Killed This Year

Luis Enrique Ramírez, a veteran journalist and columnist at newspaper El Debate was found dead along the side of a highway in Mexico's Sinaloa state, making him at least the ninth Mexican journalist killed this year, Reuters reported Thursday, citing the state attorney general's office. Security forces discovered Ramírez's body in a black bag and wrapped in plastic, according to El Debate. Ramírez had worked at some of Mexico's largest newspapers during a career that spanned 40 years, according to El Debate.

Ex-British Virgin Islands Premier to Plead Not Guilty in Drug Case

Former British Virgin Islands Premier Andrew Fahie will plead not guilty to charges of drug smuggling and money laundering, his lawyer said, BBC News reported. Fahie was arrested last week at an airport in Miami following a sting operation by the U.S. Drug Enforcement Administration. Fahie is to enter a plea on May 25. The judge in the case has ruled Fahie can be released on a \$500,000 bond as he awaits trial. Fahie was replaced as premier on Thursday by his deputy, Natalio Wheatley.

Venezuela's Oil Exports Fall 8 Percent in April

Venezuela's oil exports fell 8 percent in April as compared to March due to delays related to poor grades of crude oil and insufficient capacity for upgrading of oil, Reuters reported. Venezuela, which is under U.S. sanctions, recovered some of its lost production last year, but shipments of its crude have been volatile as its ability to convert its oil into grades that are exportable has fluctuated. In April, state oil company PDVSA and its joint ventures exported an average of 644,870 barrels per day.

compliance and risk officer at Ripio told the Dialogue's biweekly Financial Services Advisor in a Q&A published Nov. 17. "Argentina is among the world's top 10 countries in terms of cryptocurrency adoption, mainly as a result of cyclic devaluation, hyperinflation and a general lack of trust in traditional institutions, but also due to the growing list of cutting-edge companies shaping the local Blockchain landscape," he said.

BUSINESS NEWS

Petrobras Reports Jump in Q1 Profit

Brazilian state-run oil producer Petrobras announced that its profits soared in the first quarter of this year after a recent spike in oil prices, Dow Jones reported on Thursday. Net income rose to 44.6 billion reais (\$8.9 billion) in the first three months of 2022, up from 1.2 billion reais (\$238 million) from the first quarter of 2021, according to the report. The state oil company reported that its adjusted earnings before interest, taxes, depreciation and amortization rose to 77.7 billion reais in the first quarter as compared to 48.9 billion reais in the same quarter last year, and that revenue increased to 141.6 billion reais as compared to 86.2 billion reais a year ago. Meanwhile, President Jair Bolsonaro said he was "at war" with the state oil firm, and demanded Petrobras not raise fuel prices again, calling its first-quarter profits "a rape," Reuters reported.

Brazil's Bradesco Reports \$1.35 Billion in Recurring Profit

Brazil's Banco Bradesco on Thursday reported 6.8 billion reais (\$1.35 billion) in recurring net income, an increase of 4.7 percent as compared to the same quarter last year and in line with a consensus estimate of 6.75 billion reais in a survey by Refinitiv, Reuters reported.

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make the regime more isolated internationally, these resolutions have not affected Ortega's finances. That is why Ortega decided to pull Nicaragua out of the organization. Also, despite all the atrocities committed by his regime, there are not the 24 votes necessary to apply article 21 of the Inter-American Democratic Charter. The ideological positions and the geopolitical and diplomatic interests of various countries in the hemisphere have hindered any possibility of reaching a consensus to apply this OAS tool, which would have economic implications for Nicaragua as it would block the regime's access to funds from multilateral financial organizations. And that—an economic disaster—is the only thing that Ortega fears. The crisis in Nicaragua represents a failure for the OAS as an organization, and it shows that it is not prepared to face dictatorships as repressive and violent as the one that Ortega has imposed."

A **Ryan C. Berg, senior fellow at the Americas Program of the Center for Strategic & International Studies:** "The Ortega-Murillo regime in Nicaragua brooks no dissent, and the Organization of American States is no exception. Secretary General Luis Almagro has been an outspoken critic of the dictatorial regimes in Managua, Caracas and Havana, and their human rights practices, earning their ire. In response to Secretary General Almagro's steadfast support of the Inter-American Democratic Charter and using the OAS as a guardian of the hemisphere's democratic norms and traditions,

regimes like Ortega's have sought refuge in ideology and claimed the OAS is an 'instrument of American imperialism.' It is important to note that Nicaragua declared its intent to leave the OAS last year, partly as an effort to pre-empt a potential Article 21 finding,

“ The Ortega-Murillo regime in Nicaragua brooks no dissent, and the Organization of American States is no exception.”

— Ryan C. Berg

and its expected isolation in the wake of the November 2021 sham election, so this move didn't technically announce anything new (other than a forcibly accelerated timeline for departure). After the dramatic resignation of Former Nicaraguan Ambassador to the OAS, Arturo McFields, the regime wants to limit any emerging schisms in Sandinismo. It is not surprising that the regime has revoked the credentials of OAS officials and moved to occupy its offices, something it has done before in other contexts, most recently with the Taiwanese embassy after it switched diplomatic recognition to the PRC. It is doubtful that Nicaragua's withdrawal from the OAS will achieve much in terms of 'isolation-proofing' itself from international criticisms. Indeed, Nicaragua did not manage to evade scrutiny last year after it announced its decision to leave the OAS."

Continued on page 4

Bradesco also raised its full-year forecast of provisions for bad loans to between 17 billion and 21 billion reais, up from 15 billion to 19 billion reais. The bank also reported a 23.8 percent increase year-on-year in loan-loss provisions in the first quarter to 4.83 billion reais. Net interest income from Bradesco clients is expected to grow between 18 percent and 22 percent this year, as compared to the previous

guidance of between 8 percent and 12 percent. Net interest income amounted to 17.06 billion reais, an increase of 9.5 percent as compared to last year's first quarter, Reuters reported. Bradesco added that its operating income rose 5.9 percent to 10.3 billion reais, Dow Jones reported. The bank also reported that its loan portfolio grew 18.3 percent year-on-year in the first quarter to 834.5 billion reais.

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A **Marc Becker, professor of history at Truman State University:** “The Nicaraguan government has come under much criticism for its decision to withdraw from the OAS. Given the organization’s sordid history of being a tool of the United States to overthrow progressive governments, it is surprising that more countries do not leave. The OAS is not a type of United Nations that is based on the sovereign equality of all of its members and provides an open space for countries to come together to resolve their differences. Rather, as Foreign Minister Denis Moncada noted in explaining Nicaragua’s decision to leave, ‘The OAS continues to be an instrument created by the U.S. to project its meddling and hegemonic policy of intervention, of threat and of aggression against the countries of Latin America and the Caribbean.’ That is the role the OAS has played from its very beginning. U.S. Secretary of State George Marshall’s only interest in Bogotá in 1948 was to force through an anticommunist resolution. The next meeting in Caracas in 1954 was explicitly designed to overthrow Jacobo Arbenz’s progressive government in Guatemala. Similarly, the purpose of a meeting originally planned for Quito in 1959

was to overthrow the new revolutionary government in Cuba. Alternatives do exist that promote a climate of solidarity and cooperation. The Community of Latin American and Caribbean States (CELAC), for example, is designed to advance the economic, political

“**The OAS is not a type of United Nations that is based on the sovereign equality of all of its members...**”

— Marc Becker

and cultural concerns of the hemisphere as a whole rather than just advancing those of the United States. It is time for the OAS to go.”

[Editor’s note: The Advisor requested a commentary for this issue from Francisco Campbell, Nicaragua’s ambassador to the United States, but received no response.]

The Advisor welcomes comments on its Q&A section. Readers can write editor Gene Kuleta at gkuleta@thedialogue.org.

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