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## FEATURED Q&A

# What's at the Root of Mining Criticism in Guatemala?



In a referendum last month, residents of the Guatemalan town of Asunción Mita rejected mining activity in the area. Bluestone Resources' Cerro Blanco gold project in Guatemala is pictured. // File Photo: Bluestone Resources.

**Q Residents of the Guatemalan town of Asunción Mita, near the border with El Salvador, on Sept. 18 voted against mining activity in the area. Canada-based Bluestone Resources, which owns the nearby Cerro Blanco gold project, called the referendum illegal, a viewpoint backed up by Guatemala's Ministry of Energy and Mines. Additionally, the country's Constitutional Court ruled Sept. 26 that the referendum was nonbinding. Some lawyers and activists argued that the vote was legitimate as it was held in accordance with the municipal code. To what extent could the referendum hinder mining activities in Guatemala? What is at the root of local opposition to mining in the Central American country? How well are Guatemala's government and mining companies working with local communities, and what practices could lead to better outcomes for both sides?**

**A Salvador Paiz, president of FUNSEPA and board member of FUNDESA in Guatemala City:** "Even though certain activists would like the referendum in Asunción Mita to be legally binding, the Constitutional Court has ruled that it is not. In essence, no municipal code can grant itself legal faculties over mining rights, which are the domain of the Ministry of Energy and Mines. That being said, the latest events in Asunción Mita raise valid and important questions about the development of the mining industry in Guatemala. No side should have a veto or impose its will. Rather, we need to come to an agreement, as a nation, as to the standards to which we will hold ourselves accountable regarding community relations and consultation, envi-

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## TODAY'S NEWS

### POLITICAL

## Colombia, ELN Rebels Announce Restart of Talks

Colombian government representatives and the National Liberation Army, or ELN, rebels announced Tuesday that they will restart peace talks that were halted in 2018.

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### ECONOMIC

## Venezuela Sees Year's Third-Highest Oil Export Level in Sept.

Venezuela's oil exports in September hit their third-highest monthly level of the year amid higher shipment amounts to Asia and a growing number of cargo swaps with Iran.

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### ECONOMIC

## Mexico Planning to Create Army-Run Airline: AMLO

Mexican President Andrés Manuel López Obrador said Tuesday that his government is considering the creation of a state-run airline that the country's army would run.

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López Obrador // File Photo: @lopezobrador\_ via Twitter.

## POLITICAL NEWS

## Colombia, ELN Announce Restart of Peace Talks

Representatives of the Colombian government and the National Liberation Army, or ELN, rebels announced Tuesday that they will restart peace talks that were halted in 2018, the Associated Press reported. Following a meeting in Caracas, the two sides said they would announce a start date for the talks after the first week of November, the wire service reported. The government and the rebels also said that Venezuela, Cuba and Norway would act as “guarantor states” in the talks and that they consider the participation of civil society “essential” for the discussions. While it is unclear where the talks would be held, ELN commander Antonio García said that various stages of the process could be held in the three guarantor countries. García said Tuesday that the ELN was seeking political

and economic changes in Colombia. “The way to look for peace is not just by thinking about weapons but by attacking the root causes of this conflict, which are inequality and the lack of democracy,” said García, the AP reported. Colombia’s peace commissioner, Danilo Rueda, told reporters on Tuesday that the ELN had demonstrated changes in its behavior that led to more trust from the government. The rebel group did not specify what exactly it would seek in exchange for disarming. Colombian President Gustavo Petro, himself a former member of the M-19 guerrilla group, has vowed to seek peace agreements with the ELN and other armed groups. “Talks between the government and the ELN have been attempted several times, and even when it was believed that an agreement was ready, the ELN refused to conclude the negotiations. This time, under the framework of a ‘Total Peace,’ the expectations of reaching an agreement with the ELN are even higher,” Fernando Cepeda Ulloa, a professor of political science at Universidad de los Andes in Bogotá and a former Colombian interior minister, told the Latin America Advisor in a [Q&A](#) published Aug. 31.

## NEWS BRIEFS

## Alleged Drug Capo Among Inmates Killed in Ecuador Prison Riot

Alleged drug gang capo Leonardo Norero was among those killed in a riot Monday in the Latacunga prison in Ecuador, which left 16 people dead, the Associated Press reported. Norero, known as “El Patrón,” was arrested in late May during a raid in which authorities seized 42 gold bars, jewelry, weapons and about \$7 million in cash, officials said. Norero was also wanted in Peru on drug trafficking charges.

## Mexico Considering Creation of Army-Run Airline: López Obrador

Mexican President Andrés Manuel López Obrador said Tuesday that his government is considering the creation of a state-owned airline that the country’s army would run, the Associated Press reported. The airline would operate 10 leased planes as well as the jet used by previous presidents. “The economics of it, the feasibility, is being analyzed,” said López Obrador. “It is very likely that the new airline will be ready next year,” he added.

## Sembcorp Marine Unit to Build \$3.1 Billion Vessel for Brazil’s Petrobras

Singapore’s Sembcorp Marine on Wednesday announced that one of its units secured a \$3.1 billion contract to build a vessel for Brazilian state oil company Petrobras, Reuters reported. The P-82 floating production storage and offloading, or FPSO, vessel is expected to be completed in the first half of 2026 and is to be deployed off the coast of Rio de Janeiro, the shipbuilding company said, Reuters reported. The vessel will be equipped with a production capacity of 225,000 barrels of oil per day and 12 million cubic meters of gas processing per day, it added.

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ronmental matters, overall royalties and their distribution to surrounding communities. We require legal certainty and clear rules of engagement to avoid the conflict that inevitably arises when each party makes up their own rules of the game. It is important for local voices to be heard when approving projects that might affect them. ILO 169, which covers consultations to Indigenous communities, could provide a framework for consultations. However, it is imperative that its regulation be approved expeditiously to allay questions of what a consultation is and what it is not. In our history, we’ve witnessed reckless mining projects as well as highly responsible ones. We should learn from the positive experiences and strive to emulate their best practices. A clear legal framework will allow all parties to understand the rules of engagement and, thus, reduce the propensity for conflict going forward.”



**Grahame Russell, co-founder of Rights Action, and Catherine Nolin, chair of the Department of Geography, Earth & Environmental Sciences at the University of Northern British Columbia:**

“Once again, courageous Guatemalans—this time from the municipality of Asunción Mita, have used the democratic mechanism of legally binding municipal consultations and voted overwhelmingly ‘No’ to the open-pit, cyanide-leaching Cerro Blanco gold mining project owned by Bluestone Resources. The community rejected this model of imposed ‘economic development’ in defense of its water sources, forests and land, homes and community well-being, as well as its agriculturally based economy. Confronted with a peaceful rejection of a harmful mining operation, Bluestone Resources and the corrupt, military-backed regime of President

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## ECONOMIC NEWS

## Venezuela Sees Third-Highest Oil Export Level in Sept.

Venezuela's oil exports last month hit their third-highest monthly level of the year as the country increased shipments to Asia and participated in a growing number of cargo swaps with Iran, Reuters reported Monday, citing internal documents and tracking data. In all, 40 cargoes of oil departed Venezuela in September, carrying an average of 710,033 barrels per day of crude and fuel, as well as 544,000 metric tons of byproducts, destined mainly for China, according to documents of Venezuelan state-run oil company PDVSA and vessel tracking data, the wire service reported. Venezuela's exports in September declined 13 percent as compared to the August record, but last month's total was 75 percent higher year-on-year. "PDVSA is more functional now and has stabilized its production, but it's still prone to swings to lower levels during certain periods," Carlos Bellorin, associate director at S&P Global Commodity Insights, told the weekly Energy Advisor in a [Q&A](#) published Sept. 9.

## BUSINESS NEWS

## Ualá Chief Executive Eyes Expansion in Mexico, Colombia

Argentine fintech unicorn Ualá is expanding in Mexico and Colombia, Chief Executive Pierpaolo Barbieri told Reuters Tuesday in an interview. Barbieri said the company will invest \$150 million over the next 18 months to boost its digital banking in both countries, tapping into the fast-growing remittances market.

"Latin America is 20 percent digitized against 50 percent in Europe and 70 percent in China. I know that digitization will continue," he added. The company, valued at some \$2.5 billion, is looking to grow its user base by at least five-

## THE DIALOGUE CONTINUES

## What Factors Will Decide Who Wins Brazil's Election?

**Q** Former President Luiz Inácio Lula da Silva emerged Sunday as the top-vote-getter in the first round of Brazil's presidential election, but he did not get the more than 50 percent that would have been necessary to avoid an Oct. 30 runoff against incumbent President Jair Bolsonaro. Lula garnered about five percentage points more than Bolsonaro in the first round, a closer-than-expected result, as polls before the election had shown Lula with a double-digit lead. What factors were most responsible for Sunday's results? How much of a chance does Bolsonaro have against Lula in the runoff? What factors over the coming weeks will have the most influence on the election?

**A** Peter Hakim, member of the Advisor board and president emeritus of the Inter-American Dialogue: "Two things now seem clear about the Brazilian election. First, the pollsters got it wrong—or, more accurately, half wrong. The predicted vote for Lula was on target, within the margin of error. But the count was way off for Bolsonaro, who got 30 percent more votes than expected. Second, unless Lula unexpectedly pulls off a landslide victory in round two, Bolsonaroism will remain a powerful, destructive feature of Brazilian politics for years to come. Many explanations have emerged for the glaring errors in pre-election polling. Some voters may have been uncomfortable admitting their support for Bolsonaro. Perhaps Bolsonaro's legions were just more committed

fold, to 25 million to 30 million people in the next five years. Having acquired Argentine digital banking company Wilobank earlier this year, Ualá also plans to expand into debit cards, loans and investments, as well as insurance.

than Lula's and cast many more ballots than expected. Maybe the pollsters' samples were not representative of the voting public. Or maybe it was some combination of all of those. With his five-point victory last Sunday coupled with the predicted voting patterns of other first-round candidates, Lula should be a clear favorite. But Bolsonaro has the momentum. His supporters are more enthused and energized than ever, while Lula's voters appear stunned and dispirited. Although possibly at the cost of losing some left-wing allies, Lula will almost certainly seek support from more centrist, more moderate voters. He started on that path in round one, principally by selecting a conservative-leaning vice president. Bolsonaro's strategy is harder to foresee. He won the presidency in 2018 and made himself a contender now by sticking with his vulgarity and extremism, so why should he change now? Both Lula and Bolsonaro may be pressed to set out their policy agendas, which have so far been neglected. Economic recovery is the most crucial issue voters are concerned about, and neither candidate has yet set clear proposals. Whoever is more compelling stands to gain ground. What is crystal clear is how difficult it will be to govern Brazil over the next four years and beyond—with the country now bitterly polarized and its citizens distrustful of their government and most other institutions."

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**EDITOR'S NOTE:** The comment above is a continuation of the [Q&A](#) published in Tuesday's issue of the Advisor.

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In June of last year, as the pandemic battered most of the economy, The Wall Street Journal reported an unexpected windfall for the finance sector—especially emerging financial technology companies, such as Ualá.

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Alejandro Giammattei—a ‘democratic ally’ of the United States, Canada and European Community nations—responded with a public media campaign to malign the municipal consultation organizers and immediately initiated proceedings in the corrupted Guatemalan legal system to attack the legality of the consultation process and the results. Asunción Mita community members, organizations and partner groups must be ready for a protracted community and environmental defense struggle. The company, government and pro-mining groups will use every trick in the book to ignore the will of the people and support Bluestone’s mining operation. This struggle is playing itself out similarly, if not identically, to other struggles across Guatemala over the past 18 years as documented in our book ‘Testimonio: Canadian Mining in the Aftermath of Genocides in Guatemala.’ Things may go from bad to worse. The regime may file malicious criminal charges against community defenders and their supporters to ‘criminalize’ and jail them. The regime may invent a reason to declare a ‘state of emergency’ and then militarize the region to quash all opposition. Violence may be carried out against community defenders and their supporters. As we wrote in ‘Testimonio,’ ‘There will be no end to mining-linked repression, environmental destruction and human rights violations in Guatemala until there are serious changes in how Guatemala and Canada operate as countries, and how the unjust global economic, political and military order operates.’”

**A** **Michael L. Dougherty, professor of sociology at Illinois State University:** “The municipal referendum in Asunción Mita on Sept. 18 was legal and meaningful but non-binding. The town hall organized the referendum under the auspices of the 2002 municipal code, which, in Articles 63-66, outlines a process for ‘consulting the opinions of the residents’ on ‘general issues that affect all residents of the municipality.’ The results of such a referendum become binding in cases

where 20 percent of registered voters participate and a majority of participants agree. These criteria are satisfied here by the 8,500 participants of whom 7,500 voted against mining. Nevertheless, the timing of this referendum throws claims of bindingness into question. The Cerro Blanco mine was first permitted for exploration in 1997 and for production in 2007. Mining companies have been a steady presence in Asunción Mita for 25 years. Additionally, the tidal wave of consultas comunitarias against mining in Guatemala crested in 2010. Throughout the 2000s, while previous owners were developing Cerro Blanco with very little local opposition, the Western Highlands saw a conflagration of local referendums around resource development initiatives. By 2017, the Human Rights’ Ombudsman’s office reported 85 municipal consultations across Guatemala. In this larger context, the 11th-hour timing of this referendum raises questions. Guatemala’s commitments to foreign capital regularly supersede its responsibilities to its citizens. Without much more legal scaffolding than a few vague paragraphs totaling 318 words in the municipal code, Guatemala’s obligations to foreign capital and the specter of international dispute settlement will win out.”

*[Editor’s note: In response to the Advisor’s request for a commentary for this issue, Bluestone Resources sent a [press release](#) including a statement from CEO Jack Lundin saying, “We will remain committed to transparent communication, and constructive dialogue. Social acceptance is one the most important aspects of developing natural resources responsibly and is integral to the Company’s approach. Without a social license to operate, the project will not advance to its next phase, and we are here to work in a collaborative way with the local government of Asunción Mita and the members of its community. We believe the municipality will ultimately support this project, considering the opportunities, jobs and overall economic benefits that will be generated.”]*

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

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

**Lara Kovandova**  
Reporter  
[lkovandova@thedialogue.org](mailto:lkovandova@thedialogue.org)



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

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