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FEATURED Q&A

How Are Sanctions Affecting Ortega's Grip on Power?



The United States recently imposed new sanctions on the government of Nicaraguan President Daniel Ortega. // File Photo: Nicaraguan Government.

Q The administration of U.S. President Joe Biden on Oct. 24 sought to ratchet up pressure on Nicaraguan President Daniel Ortega by threatening to ban Americans from doing business in Nicaragua's gold industry and by raising the possibility of imposing new trade restrictions on the Central American country. The Biden administration also stripped the U.S. visas of about 500 Nicaraguan government insiders. What effect will the sanctions have on Ortega's government, and what has been the result of previous U.S. sanctions on the country? How critical is Nicaragua's gold industry to Ortega's hold on power? What are the most important forces keeping Ortega in office, and are there any cracks in the base that supports him?

A Ryan C. Berg, director of the Americas Program at the Center for Strategic & International Studies: "Following Nicaragua's recent sham local elections, the Ortega-Murillo regime has moved to consolidate its control of a one-party state in Central America. The Sandinistas now control every single mayorship in the country. Recent U.S. sanctions against the gold industry in Nicaragua will affect an important source of revenue, yet they could be difficult to enforce. Gold has certain properties that make it easily concealable and subject to trade-based money laundering, among other means. Gold's origins can easily be misrepresented, or it can be laundered through corrupt customs officials producing falsified import-export papers, claiming that gold mines in the region mined more than they actually did. Further, unscrupulous buyers occasionally purchase gold whose origins are well

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Sandinistas Sweep Nicaragua Vote: Election Officials

Nicaraguan President Daniel Ortega's Sandinista National Liberation Front party swept Sunday's local elections, officials announced Monday.

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Colombia's Celsia Reports 6.4% Rise in Profit for Q3

Colombian power company Celsia reported net profit of 111.4 billion pesos (\$21.7 million) for the third quarter, a 6.4 percent increase as compared to the same quarter last year.

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POLITICAL

Mexico's López Obrador Planning Regional Meeting of Leaders

Mexican President Andrés Manuel López Obrador is planning to host a regional meeting of leaders later this month. Brazilian President-elect Luiz Inácio Lula da Silva is among those invited.

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López Obrador // File Photo: Mexican Government.

POLITICAL NEWS

Sandinistas Sweep Nicaragua Vote: Election Officials

Nicaraguan President Daniel Ortega's Sandinista National Liberation Front party swept Sunday's local elections, winning control of all of the country's 153 municipalities, election officials said Monday, the Associated Press reported. Before Sunday's balloting, Ortega's party controlled 141 of the country's municipalities, though some of remaining 12 municipalities were in the hands of other parties that the country's opposition considers to be collaborators of the Sandinistas, the AP reported. Similarly to last year's presidential election in Nicaragua, authorities have continued to jail opposition figures, leaving the path open for Ortega's party to take full control, the AP reported. The government previously outlawed the country's main opposition parties. Last Friday, the Inter-American Commission on Human Rights said "the minimum conditions necessary" to hold free and fair elections do not exist in Nicaragua. The commission also called on Ortega's government to take democratic measures and end repression, the AP reported. The government announced that it had closed 100

civil society organizations last Friday alone. Altogether, the Ortega government has shut down approximately 2,000 nongovernmental groups and in excess of 50 media outlets, the AP reported. After casting his ballot on Sunday, Ortega called the elections "a vote for peace," CNN reported. After the results were announced, Ortega's wife, Vice President Rosario Murillo, told government-run media that the vote confirmed "the unity around peace and the good, as the only path" for the country, the AP reported. "We had an exemplary, marvelous, formidable day in which we confirm our calling for peace," she added.

BUSINESS NEWS

Colombia's Celsia Reports 6.4% Rise in Profit for Q3

Colombian power company Celsia reported a third-quarter net profit of 111.4 billion Colombian pesos (\$21.7 million), a 6.4 percent increase year-on-year, Renewables Now reported on Monday. Celsia's revenue rose by 33 percent year-on-year, to 1.3 trillion pesos (\$254 million). The increases came as a result of higher volumes of energy traded and more

NEWS BRIEFS

Mexico's López Obrador Planning to Host Regional Meeting of Leaders

Mexican President Andrés Manuel López Obrador said Monday that he plans to host a regional meeting of Latin American leaders this month, the Associated Press reported. The Nov. 23-25 meeting will include the presidents of Chile, Argentina, Ecuador, Peru and Colombia. López Obrador added that he has also invited Brazilian President-elect Luiz Inácio Lula da Silva and is awaiting confirmation on whether he will attend.

U.S. Authorities Announce Charges Against Haiti Gang Leaders

The U.S. Department of Justice on Monday announced criminal charges against seven Haitian gang leaders allegedly responsible for the kidnappings of several U.S. citizens, including missionaries and children, the Associated Press reported. The Justice Department also posted a \$1 million reward for Lanmo Sanjou, Jermaine Stephenson and Vitel'homme Innocent, reputed gang members allegedly involved in the kidnappings of a group of missionaries who were held captive for two months last year.

Italy's Eni Receives PDVSA Oil Cargoes Following U.S. Authorization

Italian oil company Eni has resumed Venezuelan oil imports in an oil-for-debt deal that the U.S. government authorized earlier this year, Reuters reported on Monday, citing a document from Venezuelan state oil company PDVSA that the wire service had viewed. A unit of the Italian company received two one-million-barrel cargoes of crude oil from Venezuela to unload, according to the document. The U.S. authorization exempts Eni from sanctions imposed on PDVSA.

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known. While the Biden administration was right to go after the Ortega-Murillo regime's gold lifeline, there is much more to do to ensure that it does not continue to finance brutal repression. Perhaps more importantly, there is plenty more runway to continue sanctioning the dictatorial couple, especially in the wake of the recent 'elections.' The army remains unsanctioned, as does the lucrative pension fund for its officers that invests in the United States (that is, El Instituto de Previsión Social Militar—IPSM). Mayors remain nearly untouched. Leverage over CAFTA-DR hasn't been deployed. And the Ortega-Murillo regime's most depend-

able lifeline—the Central American Bank for Economic Integration (CABEI) and its dictator-friendly president, Dante Mossi—has given more money than any other multilateral institution. With so few sanctions on key government officials, it is hard to state definitively what has been their impact."

A Rachel E. Bowen, associate professor and faculty fellow in the Department of Political Science at The Ohio State University: "There is little reason to believe that expanded U.S. sanctions on Nicaragua will loosen Ortega's grip on the country. Previous

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power generation, as well as a greater commercialization of renewable power generation assets, the company said in a statement. In the third quarter, two new plants became operational, Celsia Solar Sincé with a 19.9-megawatt capacity and El Tesorito with a 200-megawatt capacity, Celsia said. Colombian President Gustavo Petro has been pushing the country's green energy transition, proposing a ban on new licenses for oil exploration and a tax on energy exports, Bloomberg News reported. The country "has been a leader in the Renewable Energy for Latin America and the Caribbean (RELAC) group since its creation in 2019 and has a goal of 70 percent renewable energy use by 2030," Cecilia Aguilon, director of the Energy Transition Initiative at the Institute of the Americas, told the weekly Energy Advisor in a **Q&A** published on July 8. "Petro is an experienced politician and may find key allies to help him achieve his energy transition goals," Aguilon added.

UBS Planning New Wealth-Management Offices in Brazil

Swiss bank UBS is planning to open a wealth-management office in the Brazilian cities of Goiânia in the country's interior and in the coastal city of Recife in Brazil's northeast, Bloomberg News reported Monday. "Most banks never explore the interior much," Sylvia B. Coutinho, UBS' president in Brazil and head of wealth management in Latin America, told the news service in an interview in São Paulo. "Agribusiness has grown significantly in Brazil even when GDP shrank, and most of the sector's entrepreneurs are exporters, hedged in dollars, who are benefiting from an increase in commodities prices," Coutinho added. UBS is hoping to serve new clients in Goiânia who have become wealthy through agribusiness, while it is also seeking to serve entrepreneurs who are involved in the tech industry in Recife, Bloomberg News reported. While the overall market in Brazil's private-banking industry has expanded 5.2 percent this year through September to 1.87 trillion reais (\$370 billion) under management, private banking in Brazil's

THE DIALOGUE CONTINUES

Why Is International Support Falling for Venezuela's Guaidó?

Q **Nineteen member nations of the Organization of American States, including Peru, Chile and Argentina, voted on Oct. 6 to remove Venezuelan opposition leader Juan Guaidó's envoy from the multilateral body, saying that Guaidó is not Venezuela's head of state. Guaidó gained international recognition as the country's interim president in 2019 after challenging President Nicolás Maduro's re-election. However, Guaidó has seen waning support, including from the European Union, whose members last year stopped recognizing him as interim president. What has caused this mean for the Venezuelan opposition's attempts to unseat Maduro and for the future of the country's political landscape? How much real power and influence does Guaidó have?**

A **Luisa Acedo, partner at Mendoza, Palacios, Acedo, Borjas, Páez Pumar & Cía. (MENPA):** "When implemented in January 2019, the case for an interim government had a logical base. Maduro's election as president in 2018 was widely (and correctly) seen as lacking even the most elementary democratic conditions. The constitution provides that in the absence of the president of the republic, the president of the National Assembly should replace him, in certain cases and with complex legal issues and caveats. At the time, there was a political

consensus on the subject, not only inside Venezuela but also abroad. However, the term of the National Assembly—which had been elected in 2015—ended five years later. So, given that the Maduro regime kept its hold on power, I can see no valid reason for the continuation of the fiction of the 'interim government.' In addition, the Venezuelan opposition has relied too much on the international support of certain foreign governments, which foresaw a relatively short and simple change of regime. And it did not have an alternate strategy when such change did not happen. When the failure of reaching power by means of the interim government became evident, the strategy should have been to focus on voting and winning elections. Unfortunately, there are many sectors of the disparate Venezuelan opposition that are not interested in such a strategy, including those who favor the interim government. So the opposition should keep its focus inside Venezuela but work with the help of international allies in order to achieve a more level board for the presidential election. This means that the candidate should be someone who is legally able to run, and the selection of the candidate should be made by people who are able to vote in the 2024 election."

EDITOR'S NOTE: The comment above is a continuation of the Q&A published in the Oct. 21 issue of the Advisor.

midwestern region soared 22 percent to 54.6 billion reais, Bloomberg news reported, citing capital markets association Anbima. Some of Brazil's largest banks are expanding their private-banking businesses, but other financial institutions, such as JPMorgan Chase & Co. and BNP Paribas, have left that segment

entirely in Brazil, as they have concluded that they are unable to profitably compete, the news service reported. Brazil's agribusiness exports reached \$13.97 billion in September, a record for that month and an increase of 38.4 percent as compared to the same month last year, MercoPress reported last month.

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sanctions imposed since the 2018 violent crackdowns on protests have had little impact on Ortega's ability to hold on to power. On the contrary, Nicaragua's government has ratcheted up their oppression, including closing nearly 1,000 nongovernmental agencies, arresting opposition political candidates and cracking down on the Catholic Church. Ortega has been able to counterbalance sanctions from the United States and Europe by deepening ties with Russia, China and the ALBA countries. Expanding sanctions beyond elites themselves may cause broader economic harm across Nicaraguan society without producing the desired results. Since 2018, Ortega has cemented his control over state institutions. Patterns of appointing loyalists to key institutions such as the Supreme Court and the Supreme Electoral Council have accelerated. As a result, Ortega's government is now able to imprison and otherwise sideline his opponents without any meaningful recourse. Without independent media outlets operating meaningfully in Nicaragua, it is hard to envision a robust opposition coalescing and gaining support. Given Ortega's repeated accusations that his opponents are U.S.-backed or foreign-backed agents, the exile community's influence is itself at a rhetorical disadvantage. Any cracks that may be forming in Ortega's base of support are likely to be isolated."

A **L. Mari Centeno, professor of political science and women's studies at Adams State University:** "The Biden administration's order of new sanctions against Nicaragua's state-controlled mining sector is just the latest in Washington's increasingly restrictive measures against the Ortega-Murillo government. Because gold is Nicaragua's primary export and source of economic growth, and the United States is Nicaragua's primary customer, sanctions will likely hurt. But will they be enough to bring Ortega's downfall?"

Washington holds that the ultimate goal of sanctions is not punitive, but rather to effect positive change in behavior. Yet in the four years since the first sanctions, the Ortega-Murillo government is further entrenched, opposition leaders are in prison, the military brass consists of promoted loyalists and more Nicaraguans seek asylum at the U.S.

Washington would be wise to refrain from further sanctions."

— L. Mari Centeno

border. Opposition to Ortega may come from diverse sectors of society, but since the 2018 protests, it appears to lack cohesion. Contrast this with the support from foreign allies. These may be the bedfellows of realpolitik, but at present it would be foolish to underestimate their willingness and/or ability to challenge the United States. Targeted sanctions seek to avoid punishing innocent citizens. However, this newest expansion of sanctions includes scaffolding for additional restrictions, in effect comprehensive sanctions to exert greater damage. These alone rarely succeed in bringing down governments and belie any professed concern for human rights. Washington would be wise to refrain from further sanctions. It should also support but stay out of resumed negotiations and hint at an olive branch if talks bear fruit. The Cold War playbook should be left in the dustbin."

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

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

LATIN AMERICA ADVISOR

is published every business day by the Inter-American Dialogue ISSN 2163-7962

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Latin America Advisor is published every business day, except for major U.S. holidays, by the Inter-American Dialogue at 1155 15th Street NW, Suite 800 Washington, DC 20005

www.thedialogue.org

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