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FEATURED Q&A

Are Nicaragua's Protests Weakening the Ortega Gov't?



Human rights groups have blasted the government of Nicaraguan President Daniel Ortega and his vice president and wife, Rosario Murillo, saying it has repressed dissent. // File Photo: Nicaraguan Government.

Q The United Nations' human rights office on Nov. 19 called on Nicaragua's government to end its "persistent repression of dissent," adding that authorities recently detained 16 anti-government protesters on what appear to be "trumped-up charges." At the same time, seven mothers who had been holding a hunger strike at the country's most important Catholic church ended their strike, saying they feared pro-government demonstrators would assault them. To what extent are protests against President Daniel Ortega weakening his hold on power? What role will the Catholic Church play in what happens next in Nicaragua? How much of an effect are U.S. sanctions against top Nicaraguan officials having?

A Mario Arana, president of AmCham Nicaragua and member of the negotiating team of the Civic Alliance: "Ortega has reached a point at which he seems to believe that he cannot hold onto power without having to repress internal unrest through whatever means is necessary. He senses that he can quickly lose control and again witness massive demonstrations of discontent by the population, or even a return to the social explosion the country had in April 2018. According to the latest Cid Gallup poll in September, 57 percent of the population rates Ortega negatively in terms of how he is running the country, and the popularity of his political party has come down from a peak of 54 percent in 2016 to 25 percent today. Since April 2018 when the internal political crisis erupted, the Catholic Church has gained authority and credibility, to the extent that it has taken the side of the people, and it has stood with them—sharing their tribulations and struggles at

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TODAY'S NEWS

POLITICAL

Colombia Offers Talks to Labor, Student Groups

President Iván Duque's government said it is willing to immediately start talks with groups that have called for a nationwide strike on Wednesday.

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BUSINESS

SoftBank Leads \$100 Mn Funding Round for Konfío

SoftBank Group is leading the round as part of its multibillion-dollar investment in Latin America. Konfío plans to use the funding to broaden working-capital loans and introduce new products.

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ECONOMIC

Chile Announces \$5.5 Bn Economic Stimulus Package

Finance Minister Ignacio Briones said the economic plan will create 100,000 jobs. Chile's economy in October saw its sharpest contraction since 1996 amid weeks of violent protests.

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Briones // File Photo: Chilean Government.

ECONOMIC NEWS

Chile's Government Announces \$5.5 Bn Stimulus Package

Chile's government on Monday announced a \$5.5 billion stimulus plan amid the country's sharpest economic contraction since 1996, following several weeks of violent protests, Bloomberg News reported. The plan will lead to the creation of 100,000 jobs next year, Finance Minister Ignacio Briones told reporters at the presidential palace. "These measures are on the whole transitory and designed to create jobs both directly and indirectly through public investment and support for smaller companies," he said. Briones announced the spending plan after Chile's central bank said that the Imacec index, which is used as a proxy for gross domestic product, fell 5.4 percent in October as compared to September. The economy contracted 3.4 percent in October as compared to the same month last year, according to the index, Reuters reported. At the same time, Briones cut the government's forecast for this year's economic growth to 1.4 percent from 2 percent a month ago, and he estimated growth next year at 1 percent to 1.5 percent instead of the previous estimate of 2.3 percent. "These aren't just numbers. This means thousands of companies and jobs today are at risk," he said. "The violence, the looting and the destruction have halted the economy with enormous costs for Chileans." A rise in subway fares sparked the riots, which began Oct. 18, but the demonstrations quickly grew into massive protests, looting and arson. So far, at least 26 people have been killed, and businesses have sustained more than \$1.5 billion in losses. Chile's peso has also plunged to a historic low against the U.S. dollar. Briones said Chile's government will invest \$2.4 billion in infrastructure as part of the stimulus plan, and it also plans to sell approximately \$3.5 billion in foreign currency bonds in order to meet financing needs, said Briones. Under the plan, the government is expected to increase spending by 9.8 percent next year, and its fiscal

deficit is expected to grow to 4.4 percent of gross domestic product. Also on Monday, Interior Minister Gonzalo Blumel urged Chileans to reject the violence, Bloomberg News reported. He vowed to place more police on the streets and also voiced support for security forces, despite alleged human rights violations. The government's spending plan will only work if the violence stops, he said. [Editor's note: See [Q&A](#) on Chile's protests in the Oct. 28 issue of the Advisor and the Advisor's [interview](#) on the protests in several countries with Monica de Bolle of the Johns Hopkins University's School of Advanced International Studies and the Peterson Institute for International Economics.]

Transfers to Mexico Grow 8.46% for Year Through October

Mexicans working abroad sent home \$30.07 billion during the first 10 months of the year, the country's central bank reported Monday, EFE reported. In the January-October period, remittances rose 8.46 percent year-on-year, with the average transfer at \$326, higher than \$320 in the same period last year. Given the 1.6 percent depreciation of the Mexican peso against the U.S. dollar since October 2018, remittances grew 5.3 percent year-on-year in October. Money transfers have grown to significantly exceed the value of Mexico's crude oil exports over the past 12 months, which stood at \$22.9 billion,

Remittances have grown to significantly exceed the value of oil exports.

Goldman Sachs analyst Alberto Ramos told clients in a research note Monday. "Solid workers' remittances flows have been adding support to the current account and to private consumption, particularly for low-income families, who have a high propensity to consume and are the overwhelming recipients of such transfers," Ramos said. In related news, Mexican President Andrés Manuel López Obrador said last week that Spain-based bank Santander will

NEWS BRIEFS

Colombian Government Offers Talks to Labor, Student Groups

Colombian President Iván Duque's government on Monday offered to start talks with labor and student groups who have organized massive protests in recent days, the Associated Press reported. The government is prepared to immediately start talks on 13 points that the National Strike Committee has raised, and it is asking the committee to call off a strike planned for Wednesday, said the government's administrative director, Diego Molano.

Accused Dominican Republic Drug Kingpin Arrested in Colombia

César Emilio Peralta, known by his alias César the Abuser and the head of one of the Dominican Republic's largest drug trafficking organizations, was arrested on Monday in Colombia, Dominican authorities said, the Associated Press reported. Peralta is accused of leading a network that trafficked heroin and cocaine through Colombia, Venezuela, the Dominican Republic and the United States. The network was dismantled earlier this year.

Evertec Completes Acquisition of Colombia-Based PlacetoPay

Puerto Rico-based Evertec announced today that it had completed the acquisition of 100 percent of the shares of capital stock of Colombia's EGM Engineering Without Borders, known commercially as PlacetoPay. The transaction is not expected to affect Evertec's 2020 results, president and CEO Mac Schuessler said in a statement, but he said the acquisition will "become our primary digital offering in the region and contribute to our Latin America growth strategy." Evertec has a presence in 26 Latin American countries.

stop charging commissions on remittances sent by migrants to their relatives in Mexico, Milenio reported. López Obrador, who called migrants abroad who send money home “living heroes” for supporting their families and lifting Mexico’s economy, recently called on banks operating in the country to disclose more about their fees on money transfers.

BUSINESS NEWS

SoftBank Leads \$100 Mn Funding Round for Konfío

Japan’s SoftBank Group is leading \$100 million in funding for Mexican start-up Konfío as part of the technology company’s multibillion-dollar investment in Latin America, Bloomberg News reported today. Konfío will use the funds to broaden working-capital loans and introduce new products, said Gregorio Tomassi, who leads the company’s investor relations. Konfío was founded in 2013, and it lends money to small and medium-sized firms that traditional banks usually underserve, according to the report. The start-up’s loans average \$12,000, well below traditional banks’ average business loan of \$40,000, Tomassi said, adding that customers can fill out applications in as little as eight minutes and can receive the loan in the following 24 hours without any collateral. “We consider ourselves a tech company that’s focused on resolving one of the biggest problems for small and medium-sized businesses, which is access to credit,” Tomassi said, Bloomberg News reported. “We grant quick loans based on technology, alternative data sources, artificial intelligence and data science,” he said. The latest funding in Konfío is SoftBank’s third investment in Mexico since launching a \$5 billion fund in March targeting roughly 300 new technology companies in Latin America. The Japanese company made a \$20 million investment in Mexican payments firm Clip earlier this year, and SoftBank announced in October that it would invest in Mexican used car platform Kavak, Reuters reported.

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great risk. This makes the Church a potential power broker in the country’s political future one way or another. It is likely to throw its weight behind a broad coalition that is being formed to find a way out of the crisis, or to confront Ortega’s regime in future elections. The individual U.S. sanctions do not seem to have been effective so far in changing any particular behavior in the administration or to encourage dissent. This calls for either a more deliberate effort to gain the trust of potential dissidents, or the country will likely see general sanctions, which are being discussed precisely since individual sanctions have not brought government back to the negotiating table or changed its behavior.”

A **Tiziano Breda, analyst for Central America at the International Crisis Group:** “The Nicaraguan crisis that began in April 2018 is far from resolved, and it can intensify at any time due to domestic or international events. One of its root causes—the state’s intolerance of dissent—is still present, as seen in President Ortega’s fury at the mothers’ hunger strike, ordering police to besiege the church where the women had sought refuge. As demonstrated by widespread sympathy for the hunger strikers, the intolerance only further inflames dissent. Ortega’s reactions are also profoundly affected by events elsewhere. In this case, the president and his wife worried that the ouster of President Evo Morales in Bolivia might revitalize the opposition’s campaign and that they might face similar persecution should they be forced out. Attacks on churches are anathema in a religious society such as Nicaragua. But recent events also highlight a divide within the Catholic Church, between its national representatives in the Episcopal Conference and the Vatican. The Holy See’s intervention was vital to convincing the government to let the mothers out of the church, thus resolving the impasse, but the distance between its conciliatory stance and the conference’s outright opposition to the government is clearer

than ever. The Church will nevertheless remain crucial in back-channel mediation between Ortega and his critics, as well as in local reconciliation efforts. International pressure, spearheaded by U.S. sanctions, has not weakened the Sandinistas. Ortega’s popular support had been dropping, but it now seems stable at around 25 percent, ensuring the loyalty of the security forces and the judiciary. Amid economic contraction, wider-ranging sanctions could intensify public discontent, but at a very high cost to Nicaraguans and with uncertain impact. Diplomatic efforts should mainly come from multilateral organizations, such as the Organization of American States and the European Union, and should include incentives for the government to resume talks with the opposition, not just threats.”

A **Daniel Hellinger, professor emeritus of international relations at Webster University in St. Louis:** “The Catholic Church in Nicaragua recently withdrew from its role mediating talks between opposition groups and the Ortega government, and it has rejected a government invitation to ‘witness’ talks. It urged ‘lay’ actors to continue negotiating, but the attacks on protesters inside churches make it unlikely that the Catholic Church will anytime soon resume its brokering role. The Church’s frustration was not only with the government but also with the divided opposition. Some business groups remain pragmatically aligned with the Ortega government, and violence has been perpetrated not only by youth gangs allied with the FSLN but also with the opposition. Some of the latter are connected to youth gangs in neighboring Northern Triangle countries. Nicaragua’s economy has faltered over the past year, but less because of U.S. sanctions targeting the Ortegas and their inner circle and more because of the political deterioration following the repression of mass protests in April 2018. Human Rights Watch has endorsed sanctions, but neither

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the Church, the United Nations nor a broad coalition of Nicaraguan opposition groups has called for them. Sanctions make sense for countries where they are widely supported by mass, popular oppositions with respected grassroots leaders, as was the case in apartheid-era South Africa. The selectivity of U.S. and OAS sanctions, imposed only on Latin American regimes not aligned with Washington's economic and political agenda, weaponizes human rights, weakens their effectiveness and undermines hopes for a broader consensus needed to build a hemispheric human rights regime."

A James Bosworth, author of the Latin America Risk Report: "Prior to April 2018, Daniel Ortega spent more than a decade in power by cautiously manipulating the institutions of democracy and cultivating a friendly relationship with the business community. Post April 2018, Ortega maintains a hold on power due to his willingness to engage in brutal and bloody repression of his political opponents and the population at large. While excessive force often backfires on the leaders of democratic countries, for authoritarians such as Ortega who are willing to go all the way, harsh repression is often a

successful tactic in defeating protest movements. Sanctions against Ortega and other Nicaraguan officials who have engaged in corruption and human rights abuses have hit their pocketbooks, but have yet to weaken the regime's hold on power. The hemisphere has a difficult time focusing on Nicaragua due to the even greater crisis in Venezuela as well as the domestic protests that have occurred in many of the other countries in the region. The Nicaraguan Catholic Church remains an important voice, but its impact is limited due to the repression. However, as a global institution, the Catholic Church can and should play a greater role in convincing citizens and governments in Latin America to pay attention to the human rights abuses in Nicaragua and coordinate their pressure on Ortega to promote a transition back to democracy."

Editor's note: The Advisor requested a commentary for this issue from the Nicaraguan Embassy in 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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Advisor Video

5G in Latin America: An Interview With San Salvador's Mayor

An interview with San Salvador Mayor Ernesto Muyschondt on the potential benefits of 5G wireless technology for Latin America

See his interview with the Latin America Advisor...

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