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FEATURED Q&A

Will Ortega Ban the Opposition From Nicaragua's Vote?



A new law approved in Nicaragua gives President Daniel Ortega the power to ban citizens from seeking office. // File Photo: Nicaraguan Government.

Q Nicaragua's Congress, which is dominated by supporters of President Daniel Ortega, on Dec. 21 approved legislation that will allow Ortega to ban virtually anyone from running in this November's presidential election. The measure gives Ortega the power to unilaterally declare citizens "terrorists" and ban them from seeking office. Will Ortega use this law to eliminate any opposition he faces? What recourse does the opposition have? What risks do international investors face in Nicaragua?

A Mario Arana, president of AmCham Nicaragua: "With these new laws, Ortega seems to want to ban old and new leaders that emerged from the April 2018 social upheaval. The opposition seems to be popular, and Ortega must think he has a big risk of losing if he is willing to go this far. While the 2018 political crisis was originally rooted in social security reforms, it was Ortega's drift toward authoritarianism that explains people's opposition to him. So in spite of Ortega's plans to continue in power, even with the ability to decide who can run against him, the people's opposition to him and international pressure against him will continue to the point that Ortega may make concessions and ensure that the upcoming election has just enough legitimacy. Nicaragua's fragile and vulnerable macroeconomy, which depends heavily on various sources of foreign income, is a major handicap that could force Ortega's hand in favor of concessions in terms of basic liberties and electoral reforms, in order to gain a needed measure of legitimacy. But there is little optimism domestically, and many believe

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TODAY'S NEWS

ECONOMIC

Brazil's Inflation Rate Hits Highest Level Since 2016

Brazil's inflation rate closed 2020 with a 4.52 percent increase, the highest for a calendar year since 2016, according to the country's statistics institute.

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BUSINESS

Telefónica Selling Masts to American Tower for \$9.4 Bn

Spain's Telefónica has reached a deal to sell nearly 31,000 tower sites, including in Latin America, to U.S.-based American Tower for \$9.4 billion.

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POLITICAL

Cuba Condemns Designation by U.S. on Terror List

Cuba condemned the move by the Trump administration to return Cuba to the U.S. government's state sponsor of terrorism list. Carlos Fernández de Cossío of Cuba's Foreign Ministry expressed hopes for better relations under U.S. President-elect Joe Biden.

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Fernández de Cossío // File Photo: Cuban Foreign Ministry.

POLITICAL NEWS

Cuba Condemns Designation by U.S. on Terrorism List

Cuba's government accused the administration of U.S. President Donald Trump of hypocrisy after it returned Cuba to its state sponsor of terrorism list, The New York Times reported Tuesday. Cuba called the move an act of "political opportunism" by Trump to hinder relations between Havana and the incoming administration of President-elect Joe Biden, who takes office a week from today. The decision was made "in the death throes of a failed and corrupt administration," Cuban President Miguel Díaz-Canel said in a tweet. The United States first designated Cuba as a state sponsor of terrorism in 1982, and it was removed from the list in 2015 amid then-President Barack Obama's move to normalize relations with Cuba. But on Monday, U.S. Secretary of State Mike Pompeo said in a statement that Cuba has repeatedly granted safe harbor to terrorists, including members of Colombia's National Liberation Army, or ELN, and dissidents of the former Revolutionary Armed Forces of Colombia, or FARC.

FEATURED Q&A / Continued from page 1

that greater unrest and hardship are likely. Economic projections being made do not foretell an economic recovery in the coming years, so foreign investors will react cautiously. The country is confronting a major challenge if growth and investment are to recover. Most important is adherence to the rule of law, human rights, basic freedoms and democracy. Otherwise, the country's economic prospects look dim."

A Christine Wade, professor of political science and international studies at Washington College in Chestertown, Md.:

"The conditions for free and fair elections in Nicaragua in 2021 do not currently exist. The December law giving Ortega the sole

authority to prohibit 'traitors' from running for or holding office is the latest in a series of laws designed to legislate the opposition out of what remained of political space. The so-called foreign agents law, which requires those receiving foreign funds to register as foreign agents, and the Special Cybercrimes Law, both passed in October, were designed to silence the opposition. The opposition will press forward because it cannot afford to yield an inch of ground, but there is no doubt that the task ahead is a difficult one. Beyond the impediments—new and old—to launching a viable campaign, the opposition has struggled to unite over the past two years. It must now do so quickly to take advantage of whatever space remains. In recent years, international investors found Nicaragua to

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ECONOMIC NEWS

Brazil's Inflation Rate Hits Highest Level Since 2016

Inflation in Brazil last year hit its highest rate since 2016, closing 2020 with a 4.52 percent increase, according to data released by the

NEWS BRIEFS

Brazilian Trials Show Sinovac Vaccine Is Only 50.4% Effective

Brazilian trials have shown that the Covid-19 vaccine developed by China's Sinovac Biotech is just 50.4 percent effective at preventing symptomatic infections, researchers said Tuesday, Reuters reported. Fifty percent effectiveness is barely enough for regulatory approval and is well below the around 95 percent efficacy of vaccines developed by Pfizer/BioNTech and Moderna. Brazil's Butantan Institute said last week that the Sinovac vaccine was 78 percent effective, but under pressure from Brazilian scientists, the institute said the higher efficacy rate was only for volunteers who had suffered mild or severe cases of Covid-19, The Wall Street Journal reported. [Editor's note: See Q&A in Tuesday's issue of the Advisor.]

Bolivia's Evo Morales Diagnosed With Covid-19

Former Bolivian President Evo Morales has been diagnosed with Covid-19, his office announced Tuesday, Reuters reported. "He is currently stable and is receiving medical attention," said the statement, which did not provide any details about his symptoms. The diagnosis came after Morales, 61, participated in group meetings last week with coca growers in Cochabamba, the wire service reported.

Mexican President's News Conferences Banned From Airing in Entirety

Mexico's election regulatory agency announced on Tuesday that it will prohibit media outlets from transmitting President Andrés Manuel López Obrador's daily morning news conferences in their entirety ahead of the mid-year congressional and state elections, the Associated Press reported. The temporary ban is intended to level the playing field ahead of the June vote.

Brazilian Institute of Geography and Statistics, or IBGE, on Tuesday, The Rio Times reported. The figure surpassed the 4 percent target the central bank had set last year. The country's official inflation indicator, known as the Broad Consumer Price Index, was up 1.35 percent in December, largely due to higher electricity bills. The rise in consumer prices in December was the largest since 2003, Bloomberg News reported. The central bank warned that inflation pressures could continue in the beginning of the year and could potentially lead to an interest rate hike. A record-low interest rate of 2 percent is adequate for now, according to Monetary Policy Director Bruno Serra. He added that such a level of monetary stimulus should not be the norm once the economic fallout of the pandemic subsides. "We have an extraordinarily high degree of monetary stimulus, and this will be normalized," said Serra, Bloomberg News reported. "It's natural to understand that stimulus will be withdrawn. This debate regarding higher rates, which is already happening in financial markets, will be held by the central bank at some point," he added. [Editor's note: See related [Q&A](#) in the Dec. 2 Advisor.]

BUSINESS NEWS

Telefónica Selling Masts to American Tower for \$9.4 Billion

Spanish telecommunications company Telefónica has reached a deal to sell approximately 31,000 tower sites in several locations, including in Latin America, to U.S.-based American Tower Corp., the U.S. company announced today. Under the agreement, American Tower will acquire Telefónica unit Telxius Towers, which encompasses existing communication sites in Brazil, Chile, Peru and Argentina as well as in Germany and Spain. The value of the transaction is approximately 7.7 billion euros (nearly \$9.4 billion), subject to customary closing adjustments. American Tower plans to spend an additional \$500 million in the construction of a committed pipeline of approximately 3,300 new sites in

THE DIALOGUE CONTINUES

How Well Are Covid Vaccinations Going in Latin America?

Q **Although several countries in Latin America and the Caribbean, including Mexico, Costa Rica and Chile, have begun inoculation programs against the novel coronavirus, the vaccine will not be widely available in most of the region until the second half of this year, next year or even 2023, according to the Economist Intelligence Unit. How do vaccination plans in Latin America and the Caribbean compare to those of the United States and other parts of the world? What sorts of problems have governments and health systems that have started the rollouts encountered so far? Which countries are best prepared for extensive inoculation, and what do you foresee as a realistic schedule for widespread and effective vaccination in the region?**

A **Felicia M. Knaul, director, and Michael Touchton, researcher, at the University of Miami's Institute for Advanced Study of the Americas:** "Europe, Canada and the United States are challenged by the daunting task of rapidly reaching the majority of people with vaccines that require strong supply chains as they face reticence in the population. In Latin America and the Caribbean (LAC), rollout is significantly more difficult. LAC health systems, while stronger than many in other developing regions, tend to be fragmented and chronically underfunded and have been under extreme duress battling the pandemic for almost a year. Even pre-pan-

demic, health spending was a fraction of what Canada invests: less than a third in Chile, 10 percent in Mexico and 5 percent in Guatemala and Bolivia. The cost of the vaccines and of their distribution poses a heavy burden. Price negotiation is key. LAC countries may resort to cheaper vaccines, such as Russia's Sputnik (in Argentina) or China's vaccine, which is undergoing testing in Brazil. These vaccines may be less effective than more expensive options. Pandemic politicization further hinders rollout. In Brazil, President Bolsonaro declared syringes too expensive, calling for a halt on government purchases until prices fall. In Mexico, infection and death rates are persistently high, and the health system was destabilized in early 2020 by the closure of the Seguro Popular. In both countries, the toughest aspects of pandemic management were relegated to weaker state-level health systems. Problems plague low- and middle-income countries worldwide, but Latin America has been a Covid-19 hotspot for months. While the huge need for vaccines is met, LAC must apply an evidence-based public health approach relying on mask use, testing and outbreak management and adopting new treatment protocols."

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

Germany and Brazil over the next four years. "This transaction is transformational for our European business and will establish American Tower as one of the largest independent communications infrastructure providers in Europe," said Tom Bartlett, American Tower's CEO. "It is also complementary for our Latin American portfolio and positions us to drive

strong long-term organic growth across both regions," he added. The acquisition would step up competition among European telecommunications firms, especially with Cellnex Telecom, Europe's biggest independent tower operator, Bloomberg News reported. The deal will help Telefónica cope with a 37 billion-euro debt pile, one of the largest in the industry.

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be a good investment opportunity. Ortega's approach to the economy has generally been pragmatic. The business sector's participation in the tripartite model helped to shape that image and designed laws to attract international investment. Events since 2018, including mounting targeted sanctions, two hurricanes and the government's response to Covid, could certainly undermine investor confidence. While the economy contracted in 2018 and 2019, it performed better than expected in 2020. Whether international investors will look beyond the risks associated with Nicaragua's political climate remains to be seen."

A **Katya Rimkunas, regional deputy director for Latin America and the Caribbean at the International Republican Institute:**

"Heading into the holidays, Nicaraguan President Daniel Ortega took another step toward securing an unprecedented fourth term in office. The Law for the Defense of the Rights of the People to Independence, Sovereignty and Self-Determination for Peace was the latest in a series of legislative initiatives passed to tighten Ortega's grip on power and eliminate anyone who challenges his authority. Any doubts regarding Ortega's respect for democracy, free speech or human rights disappeared in 2018, when his government brutally repressed protesters. Since then, Ortega has systematically dismantled any semblance of independent institutions, rule of law or free and fair processes that remained in the country. Furthermore, the 2018 events devastated the country's economy, exposing the fragility of the corrupt and inefficient system upon which years of growth had relied. Nicaragua's democratic

governance and economic implosion should be a warning sign for international investors who think Ortega may change. Domestic and international opposition to Ortega's actions have failed to slow him down. Nicaraguan

“Ortega has systematically dismantled any semblance of independent institutions, rule of law or free and fair processes that remained in the country.”

— Katya Rimkunas

political opposition has made a concerted effort to unify for the November presidential elections. While they share a common goal, Ortega's efforts to demoralize and divide them have made achieving their goal incredibly difficult. Should they want a chance to defeat Ortega, or at the very least, demonstrate the lack of credible elections, the Nicaraguan opposition must be united. They will also need to continue to grow domestic support for free and fair elections and raise regional pressure against Ortega's efforts to kill what's left of civic space."

Editor's note: The Advisor requested a commentary for this issue from 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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