

BOARD OF ADVISORS

- Diego Arria**
Director, Columbus Group
- Devry Boughner Vorwerk**
Chief Corporate Affairs Officer,
Grubhub
- Joyce Chang**
Global Head of Research,
JPMorgan Chase & Co.
- Paula Cifuentes**
Director of Economic & Fiscal Affairs,
Latin America & Canada,
Philip Morris International
- Marlene Fernández**
Corporate Vice President for
Government Relations,
Arcos Dorados (McDonald's)
- Peter Hakim**
President Emeritus,
Inter-American Dialogue
- Donna Hrinak**
Senior VP, Corporate Affairs,
Royal Caribbean Group
- Jon E. Huenemann**
Council Member,
GLG Inc.
- James R. Jones**
Chairman,
Monarch Global Strategies
- Craig A. Kelly**
Senior Director, Americas
Int'l Gov't Relations, Exxon Mobil
- Barbara Kotschwar**
Executive Director, Visa Economic
Empowerment Institute
- John Maisto**
Director, U.S. Education
Finance Group
- Nicolás Mariscal**
Chairman,
Grupo Marhnos
- Thomas F. McLarty III**
Chairman,
McLarty Associates
- Beatrice Rangel**
Director,
AMLA Consulting LLC
- Jaana Remes**
Partner,
McKinsey Global Institute
- Ernesto Revilla**
Head of Latin American
Economics, Citi
- Gustavo Roosen**
President,
IESA
- Andrés Rozental**
President, Rozental &
Asociados
- Shelly Shetty**
Managing Director, Sovereigns
Fitch Ratings

FEATURED Q&A

Can Nicaragua's Opposition Unify Against Ortega?



Nicaraguan presidential hopeful Cristiana Chamorro last month said it is "imperative" for opposition parties to unify in order to defeat Sandinista President Daniel Ortega in the general elections of next Nov. 7. // File Photo: @chamorrocris via Twitter.

Q **Nicaragua's Citizen Alliance opposition group on May 12 registered to participate on its own in the country's presidential elections scheduled for November. The move came despite efforts among the broader opposition to form a single coalition to oust President Daniel Ortega, whom analysts believe is likely to be re-elected if the opposition remains fractured. Did the country's opposition groups make the right decision in not coming together to face Ortega in the upcoming elections, and how will that affect their chances of winning? What issues continue to be points of contention between the different opposition groups, and can these be overcome in the months ahead of the vote? Will the presidential election be free, fair and transparent?**

A **Mario Arana, president of AmCham Nicaragua:** "The Nicaraguan November elections cannot be considered free, fair and transparent. The OAS' recommendations have not been heard; quite the opposite, it seems. There are restrictions in terms of participation as well as banning of political parties and potential presidential candidates and limitations to organize meetings and, so far, rallies. The electoral authorities also lack credibility. In retrospect, by uniting with the National Coalition, Nicaragua's Citizen Alliance—the real remaining legal and viable opposition group, from an electoral point of view—could have been banned, in the same way that the Democratic National Renovation party was banned on May 18. The Democratic National Renovation party led the National Coalition, influenced by Sandinista

Continued on page 3

TODAY'S NEWS

POLITICAL

Colombia to Probe Police Misconduct

Colombian authorities will investigate allegations that 10 police officers stood by and allowed civilians to shoot at demonstrators in Cali last week.

Page 2

POLITICAL

Peru Raises Covid-19 Death Toll Sharply

Peru's death toll from coronavirus, which has surpassed 180,000, is almost three times higher than the government previously counted and ranks Peru as one of the world's hardest-hit countries relative to its population.

Page 2

ECONOMIC

Brazilian Gov't Debt, Budget Deficit Falls

Brazil's government debt is on track to fall this year to 85 percent of gross domestic product, Economy Minister Paulo Guedes said on Monday. Moreover, the government's primary budget deficit is heading below 3 percent of gross domestic product, he added.

Page 2



Guedes // File Photo: Brazilian Government.

POLITICAL NEWS

Colombia to Probe Police Misconduct

Colombian authorities will investigate allegations that 10 police officers stood by and allowed civilians to shoot at demonstrators in Cali last week, Reuters reported Monday. The director of Colombia's national police, General Jorge Luis Vargas, said that information concerning officers who broke the law or did not perform their duties has been sent to the country's military justice unit. The official death toll linked to the protests, which began over tax reforms and have extended into a second month, rose to 20 on Monday, three more than previously acknowledged by the government. However, human rights groups



Ospina // File Photo: Cali Mayor's Office.

say dozens more people have been killed by security forces. Protesters now largely focus on police abuse. On Friday alone, more than a dozen violent deaths took place in Cali when armed men shot at protesters in the presence of the police, Cali Mayor Jorge Iván Ospina said. Meanwhile, on Saturday the U.N. high commissioner for human rights, Michelle Bachelet, issued a statement voicing "deep concern" over the latest violence in Cali, citing reports that on Friday "fourteen people have died, and 98 people have been injured, 54 of them by firearms during violence that erupted in the city where demonstrations were taking place to commemorate a month of national strike." A judicial police officer in question was beaten to death by a crowd, according to the statement. The local U.N. human rights office in Colombia said that at least 30 people were arrested on Friday. Colombian President Iván

Duque on Saturday deployed military forces to Cali in an effort to quell the violence.

Peru Raises Covid-19 Death Toll Sharply

Peru's government on Monday announced a sharp increase in its tally of coronavirus-related deaths, which surpassed 180,000 on May 22, state news agency Andina reported. The data was compiled by a working group formed by the president's office to establish new criteria to update the death toll during the pandemic, according to the report. The death toll is almost three times higher than the government had previously counted and ranks Peru as one of the world's hardest-hit countries relative to its population, The New York Times reported Monday. Meanwhile, recent polls show that Peru's presidential race has tightened considerably with just a week to go before next Sunday's runoff election, Bloomberg News reported. A poll from Ipsos Perú on Sunday showed center-right candidate Keiko Fujimori, the daughter of jailed former President Alberto Fujimori, and leftist political newcomer Pedro Castillo running within two percentage points of each other. Another poll released on Sunday, by the Peruvian Studies Institute (IEP), showed the share of those intending to vote for Castillo dropped to 40.3 percent from a previous 44.8 percent, while support for Fujimori advanced to 38.3 percent from 34.4 percent. Fujimori has based her campaign on a law and order platform that has drawn more resonance in recent days following the massacre of more than a dozen men, women and children last week in a remote coca-growing region of the country where the once-formidable Shining Path guerrillas reportedly operate.

ECONOMIC NEWS

Brazilian Gov't Debt, Budget Deficit Falls

Brazil's government debt is on track to fall this year to 85 percent of gross domestic

NEWS BRIEFS

Copa America Event Moves to Brazil

After Argentina announced this week that it would not host the Copa America soccer event due to the coronavirus pandemic, CONMEBOL, the South American soccer association, said on Monday that the tournament will move to Brazil, Bloomberg News reported. Brazil, which has the third-most Covid-19 cases in the world, kicked off its local soccer season last weekend without fans in the stands.

Mexican Troops Halt Development Near Pre-Columbian Site

Mexico's government on Monday dispatched 250 National Guard troops and 60 police officers to secure land next to the ruins of Teotihuacán, where authorities have said developers threatened parts of the archaeological site with construction equipment, the Associated Press reported. The site, located north of Mexico City, has been slated for an amusement park, according to the report. The seizure allows prosecutors to take control of the plot while those responsible for the work are investigated for criminal charges of "irreparably damaging" national heritage.

OECD Sees Slow Recovery for Latin American GDP

The OECD on Monday released revised economic growth projections which show Latin America's three largest economies lagging behind the rest of the world in speed of recovery from the pandemic. In its latest "Economic Outlook" report, the Paris-based organization said Argentina will take the longest among G20 countries to recover to pre-pandemic GDP per capita, taking until well into 2026 to recover. Mexico ranks fourth-to-last among G20 countries, recovering to pre-pandemic levels by the end of 2023. Brazil ranks seventh-to-last, recovering by the end of 2022.

product, Economy Minister Paulo Guedes said on Monday, Reuters reported. Moreover, the government's primary budget deficit is heading below 3 percent of gross domestic product, he added. Recent data show that a stronger-than-expected budget surplus in April helped fuel the decline in public debt, which was the largest in over a decade, according to the report. "Tax revenues are breaking records ... showing the force and vigor of the economic recovery," Guedes said. Business and consumer confidence in South America's largest economy are also improving, according to data from the Getúlio Vargas Foundation (FGV) released last week. The FGV composite business confidence index rose 7.9 points in May to 97.7, adding to the 4.3 point gain in April. "The moderate improvement of the covid backdrop and gradual reopening of the economy ... drove the reduction in the level of pessimism among consumers and businesses," Goldman Sachs economist Alberto Ramos told clients in a research note. Meanwhile, a FGV survey released Monday showed that confidence in Brazil's services sector jumped in May to its highest in over a year, Reuters reported. Services account for around 70 percent of all economic activity in Brazil, according to the report.

BUSINESS NEWS

Latin America Boosts Scotiabank Results

Toronto-based Scotiabank today reported that its second-quarter net income rose to 2.45 billion Canadian dollars (\$2.03 billion), nearly double the C\$1.32 billion reported in the same period last year. Scotiabank's International Banking unit, which has a strong presence in Latin America, generated earnings of C\$429 million, trending positively from the prior quarter and aided by "strong economic recovery" across the Pacific Alliance countries of Mexico, Peru, Chile and Colombia, the bank said in an earnings statement. The unit also has business in Central America and the Caribbean. Within the international unit, net income attributable to equity holders rose 143 percent.

FEATURED Q&A / Continued from page 1

dissidents. It seems that this action intends to promote a low voter turnout. Others believe that Ortega is really risking everything just to remain in power, and that he will do whatever it takes to do so. Regardless, both opposition organizations are still trying to find agreement in a de facto union, and in addition they are considering a single process to choose candidates independent of the organization to which they belong. In other words, it is a real competitive selective process led by popular demand. In fact, the electoral results could well end up depending on a very high voter turnout. For that, candidates need to both inspire and be chosen in a transparent and democratic process, with citizens' broad participation. This will be a challenge for the new Nicaragua, which is more used to a top-down approach, but perhaps it is long overdue."

A **John Maisto, member of the Advisor board, former senior director for the Western Hemisphere at the U.S. National Security Council and former U.S. ambassador to Nicaragua, Venezuela and the Organization of American States:** "Under current political realities and election preparations, there is no chance that Nicaraguan elections will be free, fair and transparent. The Ortega government has not missed opportunities to level the electoral playing field; in fact, conditions have worsened. The electoral tribunal could have been changed to include independent figures; the new council is entirely beholden to the Sandinistas. Opposition candidates have been disqualified, and pressures have been exerted on others, including baseless fraud charges aimed at Cristiana Chamorro. Media are under constant threat, with many outlets closed down. Political party activity is under duress, and human rights violations continue. The OAS secretary general says Nicaragua is heading into 'the worst possible election.' There are no signs that the government is prepared to make any changes to this approach. Howev-

er, the opposition has also missed opportunities to unite under one candidate. Without a single candidate, there is no chance they can contest the election with any hope of winning. With abstention guaranteeing that Ortega wins again, the only option for them is agreement on one candidate. The sooner that happens, the better the opportunities for the Biden administration, hemispheric leaders and Europeans to weigh in with pressure for electoral preparation changes and normal international observation. Also needed is demand from Nicaragua's business, civic and religious sectors for clean, transparent and observed elections. Without opposition, unity and citizen pressure, such outside efforts will have no chance of success, and Nicaragua's difficulties, with impact on post-Covid and economic recovery, will go on."

A **Ryan Berg, senior fellow of the Americas Program at the Center for Strategic and International Studies:** "Under Nicaragua's current police state, the conditions for free, fair and transparent elections aren't even remotely present. The Sandinista-dominated National Assembly passed a slew of measures in contravention of the October 2020 OAS Resolution demanding electoral reforms by the end of May. These moves included a foreign agents law intended to suffocate civil society, a cybercrimes law to chill speech and a law to bar opposition candidates who support sanctions on the Ortega-Murillo regime. The regime maneuvered to ensure the election of its preferred candidates to the Supreme Electoral Council (CSE in Spanish), including individuals sanctioned by the United States. In turn, the regime-controlled CSE revealed an electoral schedule that permitted the opposition less than one week to form alliances. In recent days, the Ortega regime has leveraged its control over the judiciary to strip the legal status of opposition parties and announce spurious investigations into Cristiana Chamorro, daughter of Violeta Chamorro and

Continued on page 4

FEATURED Q&A / Continued from page 2

a presidential hopeful with strong polling numbers and name recognition. The Ortega-Murillo regime is taking a salami slicing approach, leaving few parties remaining but those headed by ersatz regime opponents and thus accused of past collaboration. It is likely that Ortega-Murillo will find other dubious means of disqualifying or detaining any opposition candidate who emerges from a genuine unity-building process. While the opposition squabbles over how to divvy National Assembly seats among them after the election, Ortega continues what he has done for decades: electoral engineering, this time leading to the consolidation of the region's next dictatorship."

A **Jennie K. Lincoln, senior advisor for Latin America and the Caribbean at The Carter Center:** "The question about unity of the two major factions (Citizens for Liberty, or CxL, and Blue and White Unity, or UNAB) is dead. Now the question is whether the opposition groups that have been left out or disqualified will rally around the CxL presidential candidate (yet to be determined). That is not a given. A continued split opposition favors yet another Ortega win, and the opposition know this. Some differences are personality driven; some are policy variations; and some stem

from control of the distribution among the political parties for candidate seats in the legislature. These differences require political will and negotiation, which have not been successful so far. If the election were held under current political conditions, it would not meet international standards. Recent reforms to the Electoral Law, along with drastic laws such as the Foreign Agents Law, undermine democracy in Nicaragua. The government is using state resources to disrupt and impede open political movement and debate. The current climate has no freedom of public assembly and no free speech, including assaults on independent journalists. Freedom of opinion is hindered as evidenced by the 110 political prisoners and government repression and intimidation through legal charges against anyone who challenges it. The only way that Nicaragua will live up to its obligations for democratic elections is for the government to reverse its draconian controls on its citizens as well as the recent reforms of the electoral law, provide a transparent electoral process with domestic and international observation and allow full participation and open political debate on the future of Nicaragua."

[Editor's note: The Advisor requested a commentary from the Nicaraguan Embassy in Washington but did not receive a response.]

LATIN AMERICA ADVISOR

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

Erik Brand

Publisher
ebrand@thedialogue.org

Gene Kuleta

Editor
gkuleta@thedialogue.org

Anastasia Chacón González

Reporter & Associate Editor
achacon@thedialogue.org



Michael Shifter, President

Rebecca Bill Chavez, Nonresident Senior Fellow

Bruno Binetti, Nonresident Fellow

Sergio Bitar, Nonresident Senior Fellow

Joan Caivano, Senior Advisor

Kevin Casas-Zamora, Nonresident Senior Fellow

Julia Dias Leite, Nonresident Senior Fellow

Ariel Fiszbein, Director, Education Program

Sandra García Jaramillo, Nonresident Senior Fellow

Selina Ho, Nonresident Senior Fellow

Edison Lanza, Nonresident Senior Fellow

Nora Lustig, Nonresident Senior Fellow

Margaret Myers, Director, Asia Program

Manuel Orozco, Senior Fellow

Xiaoyu Pu, Nonresident Senior Fellow

Jeffrey Puryear, Senior Fellow

Tamar Solnik, Director, Finance & Administration

Lisa Viscidi, Director, Energy Program

Denisse Yanovich, Director of Development

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

Subscription inquiries are welcomed at ebrand@thedialogue.org

The opinions expressed by the members of the Board of Advisors and by guest commentators do not necessarily represent those of the publisher. The analysis is the sole view of each commentator and does not necessarily represent the views of their respective employers or firms. The information in this report has been obtained from reliable sources, but neither its accuracy and completeness, nor the opinions based thereon, are guaranteed. If you have any questions relating to the contents of this publication, contact the editorial offices of the Inter-American Dialogue. Contents of this report may not be reproduced, stored in a retrieval system, or transmitted without prior written permission from the publisher.

Advisor Video

Pamela K. Starr on Mexico's Midterm Elections

The Latin America Advisor interviewed Pamela K. Starr, senior advisor at Monarch Global Strategies, to discuss the upcoming midterm elections in Mexico and what's at stake for President Andrés Manuel López Obrador.



WATCH HERE