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## FEATURED Q&A

# Will Newcomers Shake Up Chile's Political System?



Gabriel Boric and Sebastián Sichel (L-R) defeated more experienced candidates this month in Chile's presidential primary elections. // File Photo: Facebook Pages of Gabriel Boric and Sebastián Sichel.

**Q** In upset victories, two political upstarts defeated more established candidates in Chile's presidential primaries on July 18. Leftist lawmaker and former student leader Gabriel Boric, 35, defeated Santiago region Mayor Daniel Jadue. Meantime, former Banco del Estado President Sebastián Sichel, 43, defeated conservative Joaquín Lavín, a former mayor of Las Condes, for the nomination of the country's center-right coalition. To what can Boric and Sichel attribute their victories? What are the main strengths and weaknesses of each candidate heading into the Nov. 21 election, and how might their relative youth change the face of traditional Chilean political parties and coalitions? What would a Boric or Sichel presidency mean for Chile's business climate and foreign investment in the country?

**A** Patricio Navia, clinical professor of liberal studies at New York University and professor of political science at Universidad Diego Portales in Chile: "The primaries resulted in the defeat of the two candidates who had led the polls for several months. The surprising winner in the right-wing coalition primary was Sebastián Sichel, a 43-year-old lawyer who previously was a member of the centrist Christian Democratic Party. Sichel will seek to present himself as a moderate right-winger, not associated with the military dictatorship—he was only 11 when the dictatorship ended—and who understands middle-class Chileans. But it will be difficult for him to distance himself from unpopular President Sebastián Piñera. Sichel campaigned for Piñera in 2017 and was a cabinet minister appointed after the social upheaval of 2019. Sichel's leading funders are socially liberal business leaders. In

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## TODAY'S NEWS

### POLITICAL

## Nicaragua Arrests More Opposition Figures

The administration of Nicaraguan President Daniel Ortega continued its months-long crackdown on opposition figures Tuesday by arresting political scientist José Antonio Peraza, the leader of the White and Blue National Unity alliance.

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### ECONOMIC

## IMF Increases Growth Forecast for Latin America

The International Monetary Fund expects the region will grow 5.8 percent this year, up 1.2 percentage points from a forecast released in April.

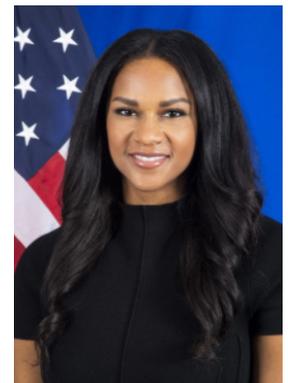
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### POLITICAL

## U.S. Curbs Ties With Guatemala Over Corruption

State Department spokeswoman Jalina Porter said the United States has "lost confidence" in Guatemala's attorney general over his firing of the country's top anti-corruption prosecutor.

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Porter // File Photo: U.S. Department of State.

## POLITICAL NEWS

## Nicaragua Continues Crackdown on Opposition

The administration of Nicaraguan President Daniel Ortega continued its months-long crackdown on opposition figures Tuesday by arresting political scientist José Antonio Peraza, the leader of the opposition alliance White and Blue National Unity, the Associated Press reported. National police in Nicaragua have arrested and imprisoned 29 opposition figures, including seven presidential candidates, under the country's "Sovereignty Law" passed last year. Ortega, 75, is seeking a fourth consecutive term in the Nov. 7 elections. Meanwhile, leaders of the center-right opposition coalition Ciudadanos por la Libertad, or CxL, on Tuesday selected former Contra rebel leader Óscar Sobalvarro, 60, as its candidate for the presidency, Confidential reported. The coalition is scheduled to vote to confirm his candidacy today.

## U.S. Curbs Guatemala Collaboration Over Prosecutor's Firing

The administration of U.S. President Joe Biden on Tuesday suspended anti-corruption cooperation efforts with Guatemala's attorney general in response to the firing last week of its special prosecutor against impunity, The Washington Post reported. The decision by Guatemalan Attorney General Consuelo Porras to fire Juan Francisco Sandoval "fits a pattern of behavior that indicates a lack of commitment to the rule of law and independent, judicial, and prosecutorial processes," U.S. State Department spokeswoman Jalina Porter told reporters in Washington. "As a result, we have lost confidence in the attorney general and the intention to cooperate with the U.S. government and fight corruption in good faith," Porter said. Porras has defended Sandoval's

firing, accusing him of ideological bias in his prosecutions, while Sandoval said Porras had repeatedly worked to block his investigations, especially those with proximity to President Alejandro Giammattei, the Associated Press reported.

## ECONOMIC NEWS

## IMF Raises Growth Forecast for Latin America to 5.8%

The International Monetary Fund on Tuesday raised its forecast for economic growth in Latin America and the Caribbean. In its latest World Economic Outlook update, chief economist Gita Gopinath said the IMF expects the region will grow 5.8 percent this year, up 1.2 percentage points from a forecast released in April. However, that growth follows a regional contraction of 7 percent last year, marking the worst performance of any region in the world, the Associated Press reported. Stronger-than-ex-



Gopinath // File Photo: IMF.

pected growth in Brazil and Mexico largely drove the revised figure, the multilateral lender said. The IMF also warned that a "double hit" to emerging market and developing economies from worsening pandemic dynamics and tighter external financial conditions could "severely set back their recovery and drag global growth below this outlook's baseline." Close to 40 percent of the population in advanced economies has been fully vaccinated, compared with 11 percent in emerging market economies, the report states. Meanwhile, the IMF lowered its expectations for growth in developing Asia to 7.5 percent this year.

## NEWS BRIEFS

## Biden Nominates Reynoso as U.S. Envoy to Spain

U.S. President Joe Biden on Tuesday nominated Julissa Reynoso, the chief of staff to first lady Jill Biden, to serve as his ambassador to Spain and Andorra, the Associated Press reported. She is expected to remain in her current role until she is confirmed by the Senate, according to the report. In the administration of former President Barack Obama, Reynoso served as U.S. ambassador to Uruguay.

## Moody's Downgrades Pemex Debt Ratings

New York-based Moody's Investors Service on Tuesday downgraded Mexican state oil company Pemex's debt rating. The agency cited "high liquidity risk and increasing business risk as the company faces high debt maturities while it expands its refining capacity and production," for its decision. "The company's liquidity needs and negative free cash flow will rise in the next three years due to high debt maturities and lower operating cash flow derived from the expansion of its refining business, which has generated operating losses in the last several years," Moody's said.

## Mexico Sends Cargo Ships With Humanitarian Aid to Struggling Cuba

Mexico on Tuesday sent ships carrying food and medical supplies, including oxygen tanks, to Cuba, El País reported. Mexican President Andrés Manuel López Obrador said during his morning conference that he recently received a letter from his Cuban counterpart, Miguel Díaz-Canel, requesting humanitarian aid. Mexico also sent some 200,000 barrels of oil to Cuba on Monday, El Universal reported. The move comes weeks after massive protests in the Caribbean nation amid its worst economic recession in decades and continued curbs on civil liberties.

## BUSINESS NEWS

## Brazil's Conductor Hires Banks for U.S. IPO: Report

Brazil-based payments company Conductor is hiring banks in preparation for an initial public offering in the United States, Reuters reported Tuesday. The company, which has backing from venture capital firm Riverwood Capital and payments processor Visa, could happen as early as this year, the wire service reported, citing three unnamed sources with knowledge of the matter. Conductor provides technology for financial services providers, and it allows banks, retailers and financial start-ups to offer services such as payment wallets and credit cards to their clients, Reuters reported. Conductor declined to comment on its IPO plans to the wire service. The sources did not say how much money Conductor was seeking to raise in the offering, what its valuation would be or which U.S. exchange it would select for listing its shares. Conductor processes some 1.5 billion transactions worth some \$20 billion annually in Latin America, according to the company's website.

## Lumen Technologies Sells Latin America Assets for \$2.7 Billion

Louisiana-based telecommunications firm Lumen Technologies said this week it had signed a deal to sell its Latin American business to investment firm Stonepeak for \$2.7 billion. Under the agreement, Lumen will divest its Latin American business, which will operate as an independent, U.S.-headquartered portfolio company of Stonepeak. The current Latin American leadership team and organization, led by regional president Hector Alonso, will remain in place, according to a company statement. Lumen, which was formerly named CenturyLink, and Stonepeak expect the transaction to close in the first half of 2022.

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a country where the dominant mood is anti-business, anti-right and anti-Piñera, Sichel has more liabilities than assets. Fortunately for him, the left-wing coalition might be too far to the left for the comfort of average Chilean voters. Gabriel Boric is a 35-year-old legislator who gained notoriety as a student leader. Boric espouses radical left-wing views, but he won largely because his rival, Communist Party Mayor Daniel Jadue, was even further to the left. Boric represents the dominant leftist views of many Chileans who wholeheartedly believe that a new constitution will deliver them to the promised land. Unfortunately for Chileans, the focus on redistribution is making people forget about promoting growth. Sichel will surely try to remind people that growth is necessary for distribution to succeed. Even if Sichel were to win the presidential election in November, the constitutional convention's leftist priorities will make it difficult for him to govern. The new president takes office next March, but the constitutional convention will finish its work five months later. Though the primaries reduced the number of candidates in the race, the deadline to register candidates is Aug. 23. There are presently 21 independents collecting signatures online to register as candidates. The presidential race is just beginning. One lesson the July 18 primaries taught us is that being the front-runner does not guarantee anything this election season in Chile."

**A** **Carla Alberti, assistant professor in the Department of Political Science at the Pontificia Universidad Católica de Chile:**

"Chile's presidential primaries took place in an environment of severe societal discontent with the political establishment. In this context, both candidates can partly attribute their success to the fact that their political trajectories lie outside of traditional parties. Indeed, while Boric is part of a political coalition, the Frente Amplio, which proposes the renovation of traditional politics, Sichel

has presented himself as an independent candidate. Additionally, for many, these candidates emerged as the moderate option within their respective coalitions. Regarding their strengths heading into the presidential election, Boric and the Frente Amplio represent renovation in the face of heavily delegitimized political parties. His trajectory as a student movement leader and advocate for demands that have strong support of ample sectors of society can help improve his electoral prospects. Sichel has also

**“Chile's presidential primaries took place in an environment of severe societal discontent with the political establishment.”**

— Carla Alberti

criticized traditional politics and emphasized his nonelite origins, which might provide him with an electoral advantage. Each candidate has also different potential weaknesses. Boric's youth, and the fact that his coalition is relatively new, while an asset in the face of delegitimized traditional politics, might also be perceived as lack of experience in office. Sichel was a minister in the current government, whose very low approval rates might negatively affect his campaign. Lastly, both candidates have emphasized in their programs the importance of attracting foreign investment and promoting small businesses. However, one of the main differences is that Boric proposes a much more active role of the state in the economy."

**A** **Beatrice Rangel, member of the Advisor board and director of AMLA Consulting in Miami Beach:**

"Both Boric and Sichel can attribute their victory to fatigue. For many years now, Chileans have yearned for new leadership. But it has been impossible

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for fresh young talent to break the founding generation's intricate network of mutual support. That leadership created one of the most successful pro-democracy coalitions in the region, but it also acted as a dam holding back from the presidency new generations of very talented Chileans with superb education who have rendered valuable services in business, academia and government. The desire for renewed leadership was quite apparent with the rise in 2010 of Marco Enríquez-Ominami, who, in spite of his successful political campaign, was unable to break the founding generation's monopoly. The outbreak of violence in October 2019 seems to have rung an alarm bell throughout Chilean society that the time had come to renew the leadership. Unfortunately for Latin America, our leaders seem to be blind to change until an upheaval. Sometimes such outbreaks destroy democracy, as in the case of Venezuela."

**A Peter M. Siavelis, professor of politics and international affairs at Wake Forest University:**

"Upset victories in Chile's July 18 presidential primaries sent conflicting messages about the state of Chile's political game. One message is clear: Chileans want new and young faces at the helm, and disgust with political parties is palpable. Both winners are young political outsiders untethered to traditional parties. The other message is murkier, presaging a complex and uncertain presidential campaign. Results from the May 2021 Constituent Assembly elections stunned observers with sweeping victories for independents (almost 70 percent), a surge in the leftist vote and the routing of the two dominant post-authoritarian coalitions. This, along

with Communist Jadue's sustained lead in primary polls, suggested a dramatic left turn in Chilean politics. However, the primaries' victors were the most moderate candidates of the sectors they represent, puzzling some analysts. If Boric's victory is due to independent and conservative strategic voting to prevent Jadue's victory, this could spell

**“Chileans want new and young faces at the helm, and disgust with political parties is palpable.”**

— Peter M. Siavelis

trouble for Boric if the far left stays home, resenting his moderate stance and participation in the constitutional process. The more moderate Sichel could be hurt by his lack of experience and perceived political opportunism, having begun his career as a Christian Democrat, worked for a conservative government and now running as an independent presidential candidate. An additional wild card remains: The traditional parties of the center-left have announced primaries slated for Aug. 21, with a likely victory for Christian Democratic Senate President Yasna Provoste, who has consistently strong polling numbers. Still, given disgust with traditional parties, the most likely scenario is a Boric-Sichel matchup going into a second round. However, likely scenarios have consistently been dashed in this recent cycle of prediction-defying Chilean elections."

*The Advisor welcomes comments on its Q&A section. Readers can write editor Gene Kuleta at [gkuleta@thedialogue.org](mailto:gkuleta@thedialogue.org).*

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