

BOARD OF ADVISORS

Diego Arria
Director, Columbus Group

Devry Boughner Vorwerk
CEO, DevryBV Sustainable Strategies

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,
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

What Do the Ruling Party's Local Wins Mean for Paraguay?



Among the winners in Paraguay's municipal elections last month was Óscar "Nenecho" Rodríguez, who was elected mayor of Asunción. // File Photo: Rodríguez Campaign.

Q Paraguayans elected their municipal leaders on Oct. 10 in a vote that had been delayed for 11 months due to the Covid-19 pandemic. The ruling Colorado Party demonstrated its continued strength, with Colorado candidates winning mayoral elections in more than 60 percent of the country's districts, including Asunción. What issues were most important to the voters leading up to this election, and what does the outcome say about Paraguayans' approval of President Mario Abdo Benítez, a member of the Colorado Party? What do the local election results mean for Abdo Benítez, his agenda and the country's politics? How did the incorporation of ranked-choice voting affect the municipal election results?

A Brian Turner, professor and chair of the Department of Political Science at Randolph-Macon College: "The favorable results for the ruling Colorado Party underscore the continuing disconnect between citizen concerns and Paraguay's elections. Elections are won through the mobilization of patron-client networks, while citizen concerns are channeled through protests on social media and in the streets. This characterization is undoubtedly lacking in nuance, but it remains true enough to begin to understand the persistence of the Colorado Party's electoral success. The two traditional parties, the Colorados and the Partido Liberal Radical Auténtico (PLRA), together won 85 percent of the mayoral elections. Local alliances won almost 12 percent of these contests, including in the important cities of Ciudad del Este and Encarnación, which suggests some political space for new kinds of political representation that is not based so strongly on patron-client-

Continued on page 3

TODAY'S NEWS

ECONOMIC

Venezuela's PDVSA Slashes Target for Crude Output: Report

Venezuelan state oil company PDVSA reportedly cut its production target by a third, to one million barrels per day.

Page 2

BUSINESS

Peru's Antamina to Enter Talks With Protesters

The CEO of Antamina said the copper miner would enter talks today with protesters after a blockade forced the miner to halt operations last week.

Page 3

POLITICAL

Nicaragua's Ortega Coasts to Victory in 'Sham' Election

As expected, Nicaraguan President Daniel Ortega won a fourth consecutive term in an election widely derided as a sham after his government imprisoned or forced into exile virtually anyone who might pose a challenge to him.

Page 2



Ortega // File Photo: Nicaraguan Government.

POLITICAL NEWS

Nicaragua's Ortega Coasts to Victory in 'Sham' Election

As expected, President Daniel Ortega coasted to victory in Sunday's presidential election in Nicaragua, a vote that came amid a five-month crackdown in which Ortega's government imprisoned or forced into exile virtually any candidate who could mount a serious challenge to him. Critics have dismissed the five little-known candidates who were listed on the ballot alongside Ortega as loyalists to his government, France 24 reported. With roughly half the ballots counted, a preliminary tally gave about 75 percent of the vote to Ortega's Sandinista alliance, Reuters reported. In rejecting the results, the European Union said the elections "complete the conversion of Nicaragua into an autocratic regime." In a statement released Sunday by the White House, U.S. President Joe Biden said Ortega and his wife and vice president, Rosario Murillo, had orchestrated "a pantomime election that was neither free nor fair, and most certainly not democratic." Biden added, "Long unpopular and now without a democratic mandate, the Ortega and Murillo family now rule Nicaragua as autocrats, no different from the Somoza family that Ortega and the Sandinistas fought four decades ago." Major protests against Ortega's government erupted in April 2018, and at least 300 people were killed in the government crackdown on dissent that followed, Reuters reported. More than 150 people connected to the protests remain jailed, the wire service reported, citing human right organizations. This year, Nicaraguan authorities have arrested 37 additional government opponents on alleged conspiracy and treason charges, while the country's Supreme Electoral Council stripped the legal status of three political parties and Congress took the same action against 45 civil society groups, including six foreign-based nongovernmental organizations, Reuters reported. "Every day that Daniel Ortega and Rosario Murillo are in power, they hurt the people of Nicaragua," Lucía Pineda Ubau,

journalist at 100% Noticias in Nicaragua, told the Advisor in a [Q&A](#) published Friday. "Without freedom there is no democracy. They intend to continue with the Cuban model, imprisoning all of Nicaragua." Referring to his opponents, Ortega on Sunday said, "This day we are standing up to those who promote terrorism, finance war, to those who sow terror, death," France 24 reported. Late Sunday, some Ortega supporters took to the streets of Managua to celebrate the results. "Yes, we did it, Daniel! Daniel!" supporters cheered in several neighborhoods amid fireworks.

ECONOMIC NEWS

Venezuela's PDVSA Slashes Daily Crude Target: Report

Venezuelan state oil company PDVSA has slashed its daily production target by one third, to one million barrels, down from the 1.5-million-barrel goal announced in January, Bloomberg News reported Friday, citing a person with direct knowledge of the matter and a company document. In the Orinoco basin, where most of the country's crude is produced, PDVSA lowered its output target to 650,000 barrels from nearly one million previously. The government of President Nicolás Maduro has revised production goals three times since setting an ambitious target of two million barrels in January 2020. "Venezuela is beginning to recover—with its own might, with its own effort—the oil production," Maduro said during an interview with Bloomberg News in June. However, the country's energy sector has been crippled by years of underinvestment and corruption, coupled with tough U.S. sanctions since January 2019. According to the document, PDVSA is now focused on "recovering and stabilizing production" from 2022 to 2025, Bloomberg News reported. Among the company's key objectives are securing a steady flow of oil to supply domestic refineries as well as converting the rest of the oil to commercial grades that are exportable, the document said. The Andean na-

NEWS BRIEFS

Poll Shows Kast Solidifying Lead Ahead of Chile Presidential Election

The latest poll ahead of Chile's Nov. 21 election shows right-wing front-runner José Antonio Kast solidifying his lead over leftist Gabriel Boric, according to the Pulso Ciudadano poll released Saturday by consultancy Activa Research, Reuters reported. In the survey, Kast had 27.3 percent of the vote, ahead of Boric's 23.7 percent. Christian Democratic Senator Yasna Provoste came in third place with 13.5 percent.

U.S. Lifts Restrictions on Land Border Crossings From Mexico, Canada

The United States today lifted its restrictions on nonessential land crossings of its borders with Mexico and Canada, bans that were put in place early last year due to the Covid-19 pandemic, NPR reported. U.S. officials announced last month that they would lift the restrictions as of today, allowing fully vaccinated visitors in for nonessential reasons, such as tourism. The rule change also allows air travel from countries that were previously restricted as long as the traveler has proof of vaccination and a negative Covid-19 test.

Colombia's Trii Eying Expansion Plans in Andean Region

Colombia-based stock trading app Trii is considering plans to expand to Peru, Chile, Ecuador and Bolivia, one of the company's founders, Carlos Guayara, told Bloomberg News in an interview Friday. The start-up offers users the ability to trade stocks cheaply in an effort to "democratize" the region's stock markets, the company says. Trii, which launched in March, allows investors to buy and sell shares of Colombian, as well as some Chilean and U.S., stocks for about \$3 per trade.

tion has been finding ways to circumvent U.S. sanctions, incorporating Iranian condensate to help dilute its extra-heavy crude into grades suitable for export, Argus Media reported, citing an unnamed PDVSA official. Venezuelan output surpassed 600,000 barrels per day, and it has restarted the PetroCedeño upgrader as well as Petropiar, the country's top-producing joint venture with Chevron, after a brief outage. [Editor's note: See related [Q&A](#) in the Aug. 6 issue of the Energy Advisor.]

BUSINESS NEWS

Peruvian Miner Antamina to Enter Talks With Protesters

The head of Antamina, Peru's largest copper producer, on Friday addressed residents during a local community meeting after a blockade forced the miner to halt operations last week, Reuters reported. Víctor Gobitz, the chief executive of Antamina, which is partly owned by Glencore Plc and BHP Billiton, said during a town hall meeting in Aquia that the two sides could find common ground. Gobitz told reporters that the two parties had agreed to begin formal talks today. "With orderly dialogue, we will find the formula for a development plan for the whole town of Aquia," Gobitz said at the meeting, Reuters reported. "We have to lead by example that we can find common ground," he added. His remarks reflected a shift from earlier comments that dismissed protesters as violent and only representative of a minority of voices, the wire service reported. Demonstrations including a road blockade last week forced Antamina to suspend operations, with the company calling on the government to "re-establish order." The government of President Pedro Castillo sent officials to Antamina last Tuesday to defuse the local community blockade. Protesters have said the mining project has brought them "no benefits" and that the company has never fully paid Aquia for the lands it used, an accusation Antamina has denied in the past.

FEATURED Q&A / Continued from page 1

age. The victory for the party may not be a victory for President Mario Abdo Benítez, as the party's factions will soon be mobilizing for the 2022 primary elections in anticipation of the 2023 general elections. Former President Horacio Cartes' faction, Honor Colorado, supported the winning candidate in Asunción. The first experience with open-list voting, a longtime goal of reformers, gave voters an opportunity to cast a personal vote for a candidate. In Asunción, Colorado and Liberal voters did not dramatically rearrange the lists presented by their parties. Advocates for women's parity in representation have worried that this system will harm female candidates. Gains were modest, as women won 31 mayoral seats, up from 26 in 2015, as well as 22.65 percent of council seats, up from the previous best of 21.86 percent in 2010."

A Gerardo Ramón Ruiz Godoy, partner at PCG Auditores Consultores: "The discussion focused on issues such as maintenance of road infrastructure, garbage collection and treatment, and improvement of public transportation and the necessary infrastructure in communities. These are all commitments candidates assumed with few results for two primary reasons—corruption with impunity in the municipalities and political clientele who demand employment. Both aspects consume almost all municipal resources. This gave rise to the emergence of many candidacies for local legislators in the traditional parties. Coloradismo imposed its majority in the most important cities, managing to increase the number of seats in the municipal legislatures. This situation gives an advantage to former President Horacio Cartes' sector, to the detriment of President Abdo Benítez's coalition within the Colorado Party, as it has suffered from the desertions of some important leaders who accompanied him. The new electoral system has made a greater participation of candidates possible, and the two traditional

parties took advantage of it. The two parties won the greatest share of votes, to the detriment of smaller parties and movements that were greatly diminished in almost all districts."

A R. Andrew Nickson, honorary reader in Public Management and Latin American Studies at the University of Birmingham:

"Although opposition parties originally proposed it as an anti-corruption mechanism, the new 'unblocked' party list system, which incorporates a preferential vote, proved to benefit the Colorado Party. Many of its caudillos with access to dirty money were able to finance costly personalized electoral publicity campaigns in their localities and bribe voters with cash handouts. The party's candidate in Asunción, Óscar 'Nenecho' Rodríguez, won despite being under investigation following corruption accusations, and the party now has a majority in the 24-seat municipal council. However, the party failed to take control in Ciudad del Este and Encarnación, the second- and third-largest municipalities respectively, where independent candidates, buoyed by anti-corruption campaigns, were re-elected. In Ciudad del Este, Miguel Prieto won with 62 percent of the vote. This was the first time in Paraguayan history that an independent candidate defeated both the Colorado Party and the main opposition party, Partido Liberal Radical Auténtico (PLRA). The PLRA, deeply divided between its two caudillos—party president Efraín Alegre and Senator Blas Llano—performed badly, reducing its control from 80 to 62 municipalities. The left-wing Frente Guasú performed very badly, garnering no mayoralty and only 0.6 percent of the vote in Asunción, and its number of council members throughout the country was halved, from 120 to 60. Colorado leaders attributed their party's success to the deep pockets of former President Horacio Cartes, now the richest man in Paraguay. The result strengthens his hand leading up to general elections

Continued on page 4

FEATURED Q&A / Continued from page 3

in 2023. As soon as the election ended, a bitter conflict re-emerged between pro- and anti-Cartes caudillos for the party's upcoming primary elections. Cartes will press for Santiago Peña (his former finance minister) while outgoing President Mario Abdo Benítez will press for his vice president, Hugo Velázquez, to replace him. This will deepen the bitter feud between Cartes and Abdo Benítez in the near future. Both may well seek nomination as party president in order to strengthen their respective hands."

A **Marcos Pérez Talia, teacher and researcher at Conacyt de Paraguay:** "The Paraguayan government has been widely criticized over its handling of the pandemic. Health statistics have been disastrous, and public health totally collapsed. Consequently, many people believed that the Colorado Party would suffer some type of punishment in the municipal elections. However, that did not happen. At least three reasons explain what happened. First, in Paraguay the midterm elections are for mayors and municipal councilors, not members of Congress. Therefore, the political agenda is very oriented toward local and municipal levels. National politics did not permeate much into the local agenda. The same Colorado candidates strategically sought to move away from the national debate. The second factor has to do with election system changes, as preferential voting was introduced, as well as the impact of a lack of funding. The Paraguayan state has owed political parties a lot of money for their financing over the last two years. This mainly affected the opposition as the Colorado Party has access to funding from the state and the generous contribution of Horacio Cartes' fortune. With the preferential vote, all candidates have a chance to enter, so they draw votes to the list as long as they have a lot of funding, something that especially happened with the Colorado Party lists. Finally, the opposition

appeared divided in many districts, and that favored the Colorado Party. Looking to 2023, the opposition has to understand that the only way to competitively face the ruling party is by agreeing on a common platform. The opposition's dispersion favors the ruling party. These results leave President Mario Abdo Benítez's faction in a better position as compared to that of Cartes. The presidential campaign has begun, and the possible candidates are beginning to play their cards."

A **Flora Rojas, executive director of CEMAF in Asunción:** "Paraguay is a highly centralized country when considering the distribution of public income by levels of government for 2020: the central government takes 96.6 percent, regional governments get 1.2 percent and local governments get 2.2 percent. Municipalities are categorized into first, second and third groups, while Asunción is not part of any group. The municipal board of Asunción is made up of 24 council members, while the municipal boards of the first and second groups have 12 members, and those of the third group have nine. Paraguay currently has 263 municipalities, a significant number for a small country with limited resources. On Oct. 10, 261 municipalities held elections for mayors and council members, and some 3,000 positions were up for election. For the first time, candidate lists were open, with voters first selecting a political party and then selecting a candidate. The governing Colorado Party won in 162 mayoral races, while opposition parties won 99. Similar results were reflected in municipal boards, 70 percent of which went to the Colorado Party, and the rest went to opposition parties. The elections were quiet, and more than 60 percent of voters participated."

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

Erik Brand

Publisher
ebrand@thedialogue.org

Gene Kuleta

Editor
gkuleta@thedialogue.org

Anastasia Chacón González

Reporter & Associate Editor
achacon@thedialogue.org

Leticia Chacón

Reporter
lchacon@thedialogue.org



Michael Shifter, President

Rebecca Bill Chavez, Nonresident Senior Fellow

Bruno Binetti, Nonresident Fellow

Sergio Bitar, Nonresident Senior Fellow

Joan Caivano, Senior Advisor

Santiago Cantón, Director, Rule of Law Program

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.