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FEATURED Q&A

What Does the Case Against Piñera Mean for Chile?



Chilean President Sebastián Piñera on Tuesday survived an effort to remove him from office. // File Photo: Chilean Government.

Q Chile's Senate on Tuesday voted against removing President Sebastián Piñera from office, ending an impeachment process that the lower house of Congress had approved last week. Lawmakers had sought to remove Piñera, whose term expires next March, over a deal involving a copper and iron mine that came to light in the recent leak of the so-called Pandora Papers. Piñera has denied wrongdoing. The action came just ahead of this Sunday's first round of the Chilean presidential elections. Polls show far-right Republican Party candidate José Antonio Kast leading the race over left-wing candidate Gabriel Boric, who had previously been in the lead. How has the attempt to force Piñera from office affected the course of the presidential elections, as well as the state of Chile's right-of-center coalitions? What explains the recent surge in support for Kast? What could Kast's electoral success mean for simmering social tensions in Chile and the ongoing constitutional reform effort?

A Kathleen Barclay, former president of the American Chamber of Commerce in Chile: "The November Chilean elections are taking place in a complex environment of social discontent, constitutional reform and post-Covid recovery. Of seven presidential candidates, the far-left Gabriel Boric and the far-right José Antonio Kast lead, reflecting disenchantment with established parties and political fragmentation. The unexpected support for Kast responds to concerns over rising violence, the breadth of change that Boric has proposed and the resulting uncertainty, and questions regarding Boric's ability to govern given his limited experience and the degree of influence

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TODAY'S NEWS

POLITICAL

White House Bans Nicaraguan Officials From Entering U.S.

The administration of U.S. President Joe Biden banned officials of the Nicaraguan government, apparently including President Daniel Ortega and his wife and vice president, Rosario Murillo, from entering the United States.

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BUSINESS

Brazilian Fintech CloudWalk Valued at \$2.5 Billion

Brazilian fintech CloudWalk raised \$150 million in its latest funding round, valuing the company at \$2.5 billion.

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ECONOMIC

Peru Eying Creation of Central Bank Digital Currency

Peru is looking at creating a central bank digital currency to keep pace with fast-developing cryptocurrencies, said central bank chief Julio Velarde.

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Velarde // File Photo: TV Perú.

POLITICAL NEWS

White House Bans Nicaraguan Officials From Entering U.S.

The administration of U.S. President Joe Biden on Tuesday banned officials of the Nicaraguan government from entering the United States, a move in response to the Central American nation's recent presidential election, which Biden previously denounced as a "pantomime." The travel ban prohibits entry for all "elected officials" as well as security force members, judges, mayors and others the United States views as undermining democracy in Nicaragua, Reuters reported. "The repressive and abusive acts of the Ortega government and those who support it compel the United States to act," Biden said in the White House statement. "The Ortega government's crackdown on opposition leaders, civil society leaders, and journalists in preparation for the November 2021 Nicaraguan presidential and legislative elections harms the institutions and processes essential to a functioning democracy," he added. The decree came a day after the United States, the United Kingdom and Canada announced sanctions against Nicaraguan officials and entities, including the public ministry. Ortega has blasted the United States as a "Yankee imperialist" meddling in Nicaragua's domestic affairs.

ECONOMIC NEWS

Peru Eying Creation of Central Bank Digital Currency

Peru is looking to develop a central bank digital currency, the head of the country's central bank, Julio Velarde, said Tuesday, Reuters reported. The South American country's central bank is working with its counterparts in India, Singapore and Hong Kong on the initiative and wants to keep pace with fast-developing cryp-

tocurrencies, Velarde told business leaders at a conference in Lima. "We are not going to be the first, because we don't have the resources to be first and face those risks," Velarde said. "But we don't want to fall behind. At least we are at the same level or perhaps even further ahead than similarly sized peers, although behind Mexico and Brazil." Chile is also among the countries examining the possible rollout of a central bank digital currency. Such a currency would be distinct from cryptocurrencies such as Bitcoin because it would give its holders a direct claim on the central bank, equal to that of physical cash, Reuters reported. Regulators around the world have been alarmed at the rapidly expanding market for cryptocurrencies, which are not regulated by central banks, the wire service reported.

Colombia to Launch First Auction Round for Gold Exploration

Colombia will launch its first auction round for gold exploration contracts early next year, the head of the national mining agency said on Tuesday, as the country seeks to diversify its minerals output, Reuters reported. "What we expect is to have the first mining round for gold at the start of next year," Juan Miguel Durán told Reuters on the sidelines of the Colombia Gold Symposium in Medellín. Durán added that the areas up for bidding would be located across the country and that any proposals will be subject to counteroffers. He also said that the agency will discuss any potential project with local communities and governments as well as provide initial technical information and communicate with environmental regulators. "All this helps the investor to have much more information," he said. "It's the first time that we as an agency, as a mining authority, are proposing areas, we're not waiting to get proposals on specific areas." Colombia has long touted its largely untapped deposits of gold and copper as the future of its mining industry, especially amid concerns over coal output and prices. "President Iván Duque's mining as one of the engines of economic recovery," Karla Schiaffi-

NEWS BRIEFS

Mexican Supreme Strikes Down Attempt to Extend Chief Justice's Term

Mexico's Supreme Court on Tuesday declared unconstitutional an attempt by the party of President Andrés Manuel López Obrador to extend the term of the court's chief justice, Reuters reported. Mexico's Congress in April lengthened the chief's term, which was seen as a potential test for extending López Obrador's term past 2024, the wire service reported.

Former Professor Gets Six Months in Laundering Case Linked to Saab

A former University of Miami professor, Bruce Bagley, was sentenced to six months in jail on Tuesday after pleading guilty to money laundering charges in connection with Colombian businessman Alex Saab, a close ally of Venezuelan President Nicolás Maduro, Reuters reported. Bagley acknowledged receiving \$2.5 million from overseas accounts controlled by Saab, saying the money was intended to pay for lawyers advising Saab on his cooperation with U.S. authorities. Saab on Monday pleaded not guilty to a charge of conspiracy to commit money laundering in a separate case linked to the Venezuelan government.

Turkish Authorities Arrest Suspect in Assassination of Haiti's Jovenel Moïse

Turkish authorities have arrested businessman Samir Handal, a suspect of "great interest" in the assassination of Haitian President Jovenel Moïse last July, said Haitian Foreign Minister Claude Joseph, the Voice of America reported Tuesday. Turkey's state-run media reported Handal is being detained in Istanbul after court officials issued a 40-day custody order, the Associated Press reported. Handal was arrested during a layover stop in Istanbul as he traveled from the United States to Jordan.

no, senior analyst of Latin America insights at Verisk Maplecroft, told the Advisor in a [Q&A](#) published Oct. 16, 2020, following comments by Mines and Energy Minister Diego Mesa that the future of Colombia's mining industry lies in metals and not coal. "Notwithstanding a relatively stable regulatory framework, mining companies face significant challenges to their social license to operate," she added.

BUSINESS NEWS

Brazil's CloudWalk Valued at \$2.15 Billion in Latest Round

Brazilian payment technology company CloudWalk announced today that it raised \$150 million in a Series C funding round, which brings its total valuation to \$2.15 billion. Coatue, an investment firm focused on technology, media and telecommunications, led the funding round, said CloudWalk. DST Global, A-Star, The Hive Brazil, Plug and Play Ventures, Valor Capital Group and angel investor Gokul Rajaram also participated in the round, as did U.S. football players Larry Fitzgerald and Kelvin Beachum, both of the Arizona Cardinals, the Brazilian fintech said. The latest funding round brings CloudWalk's total capital raised to \$365 million. "With this additional capital, we will be well-positioned to continue creating products that make our customers' lives easier," said Luis Silva, CloudWalk's founder and chief executive officer. "As the global payments market rapidly evolves, we believe that Blockchain will soon become the dominant source for all future payment processes." The company will use the new funding to drive growth by hiring new talent, funding product innovation and fuel increased research and development, Silva added. The São Paulo-based company said it has a presence in 150,000 stores in 4,300 Brazilian cities. In 2019, the company launched InfinitePay, its flagship payment processor platform, and it also acquired Confere, a cash flow and data aggregation software system. CloudWalk added that it has seen growth of

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of the Communist Party. Kast has been clear about the importance of order and economic growth, but he generates concerns regarding social issues and human rights. Both candidates' programs raise questions of fiscal responsibility with the potential for social unrest if they are unable to generate governability. Many voters remain undecided. It is possible that the center-left candidate, Yasna Provoste, or the center-right candidate, Sebastián Sichel, will go on to the second round in December. A lot of congressional activity in recent weeks, including the impeachment effort against President Piñera and the fourth withdrawal from pension funds, has been focused on the impact of the elections. There are more questions than answers. Can a coalition be developed to govern? Who can manage the economy and provide social order? The bottom line—the electorate will choose the candidate they fear less. Some things to follow in the upcoming election are the demographics of the electoral turnout, the composition of the new Congress and structure of political parties, and developments within the constitutional convention. Chile faces a period of uncertainty, and the question is whether it will last for a few years or for a more extended period."

A Pamela Figueroa, academic coordinator at the Observatorio Nueva Constitución and professor in the Institute of Advanced Studies at Universidad de Santiago de Chile: "On Nov. 9, in an unprecedented event in recent Chilean political history, the lower house of Congress approved the impeachment of President Sebastián Piñera, with 78 votes in favor. The impact that this may have a few days before the presidential election

more than 5,000 percent over the past 24 months and has processed in excess of \$2.4 billion in transactions annually. The company's platform integrates artificial intelligence and Blockchain. Its funding rounds come as many consumers have shifted to online shopping

is still uncertain, given the fact that the presidential election on Nov. 21 is the most wide open since the country's transition to democracy. While various polls have shown that extreme-right candidate José Antonio Kast has advanced the most electorally, the methodology of these polls has been questioned, and the trend is not consistent with what the 2020 and 2021 elections have

“The impeachment of the president will cause both candidates to distance themselves more from the current government...”

— Pamela Figueroa

demonstrated in a context of social uprisings. The right-wing coalition held a primary to select its presidential candidate, and Sebastián Sichel, an independent candidate, was elected. Sichel's candidacy has been weakened by his distance from the coalition parties and low support from the citizenry, which opened a space for Kast, the far-right candidate, to define himself as the candidate of the political right. The impeachment of the president will cause both candidates to distance themselves more from the current government, seeking to obtain more votes in the final stretch of the campaign. An eventual Kast victory could add further tension to the population's efforts for change expressed in the constitutional convention, with the resistance of the more conservative sectors that Kast represents. The advances of the convention show that in Chile it is possible to make changes within democratic institutions."

Continued on page 4

amid the Covid-19 pandemic, leading to strong growth in fintechs in Latin America. "The Brazilian market is proving to be a big opportunity for fintechs and new players," Marina Gil of Americas Market Intelligence told the Financial Services Advisor in a [Q&A](#) published June 30.

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A Robert Funk, professor in the Institute of Public Affairs at Universidad de Chile: “Chile faces presidential and legislative elections in less than a week. Polls show that the leading candidates, the left-wing Gabriel Boric and the extreme-right-leaning José Antonio Kast, are in a virtual tie. However, they also show that if either were to face candidate Yasna Provoste, a Christian Democrat, in December’s runoff election, Provoste would likely win. This suggests that while voters are eager to send an anti-establishment message, they are also wary of veering too far toward either end of the spectrum. Many ask how it is that only two years after massive protests that seemed to question Chile’s political and economic model, Kast, a candidate who defends the existing model, stands a good chance of winning. There are two answers. First, Kast’s rise reflects the fall of Sebastián Sichel, president Sebastián Piñera’s chosen successor. Sichel, whose political origins lie in the Christian Democratic Party, did badly in a couple of debates. His association with the outgoing president, who was impeached by

Chile’s lower house on Nov. 9, doesn’t help. About half of his supporters abandoned the candidacy and headed back to their natural space on the right. Second, Kast is in many ways a mirror image of Boric. Both reject traditional political parties and leaderships, question elites and corruption, and promise, as it were, to ‘throw the bums out.’ This is the sentiment that motivated millions of middle-class Chileans to take to the streets in 2019. Kast also promises order, which might sound attractive to those weary of the last two years of uncertainty and protest. However, while a Kast victory might soothe markets in the short term, he would quickly face harsh opposition in Congress, from the constitutional convention and from the streets.”

[Editor’s note: The commentaries above were submitted to the Advisor before Chile’s Senate on Tuesday voted against removing Piñera from office.]

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

Crimes Against Humanity on Trial – The ICC in Venezuela and Colombia

An Inter-American Dialogue discussion with Almudena Bernabeu, Guernica Centre for Int’l Justice Alfredo Romero, Foro Penal Venezolano (FPV) Silvia Serrano-Guzmán, Georgetown University José Miguel Vivanco, Human Rights Watch Moderated by Santiago Cantón, Inter-American Dialogue

View a webcast of the Nov. 11 discussion.

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