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FEATURED Q&A

Is Colombia Making Headway Against Illegal Gold Mining?



Colombian authorities have been seeking to disrupt illegal gold mining activities. An illegal gold mine in the city of Ibagué is pictured above. // File Photo: Department of Tolima.

Q Colombian authorities announced in May that they had dismantled a ring of suppliers alleged to have been mining gold illegally. Meantime, a Colombian military intelligence report seen by Reuters said that about a third of Colombia's former FARC rebels have again taken up arms, with several dissident rebel groups involved in illegal gold mining in the country. How significant is illegal gold mining in Colombia, and how does the country compare to other Latin American nations? What are the differences between illicit, informal and artisanal gold mining, and are policymakers in Latin America taking the right approaches to each? How much headway are authorities making, and how well are governments and private mining companies working together to address the issues?

A Mark Pieth, author and professor of criminal law at the University of Basel: "Raw estimates of Colombia's gold mining trade are startling: less than 20 percent of gold mined in Colombia comes from official permit holders. In Ecuador, the figure is around 23 percent, and in Venezuela it is less than 10 percent. That does not mean that more than 80 percent of gold mined in Colombia is illegal. Equating illegal mining with lack of a formal license is too simplistic, as much informal artisanal mining is traditionally done by indigenous communities and Afro-Colombians, alongside farming. Genuinely illegal mining involves organized 'bandas criminales' and other armed groups that force miners to work for them or extort illegal taxes and are associated with high figures of displacement, human trafficking and deforestation. This basic conflation between illegal and informal mining

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U.S. Sanctions Venezuelan Military Agency

The United States imposed sanctions on Venezuela's military counterintelligence agency, a move that followed reports of the death and alleged torture of a Venezuelan navy captain.

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Cuba Expecting 8.5% Drop in Tourism This Year

Cuba expects its tourism to fall, following tighter restrictions on Americans' travel to the island.

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POLITICAL

U.S., Guatemala Nearing 'Safe Third Country' Agreement

The two countries are reportedly nearing a deal that would require migrants passing through Guatemala to request asylum there. Guatemalan President Jimmy Morales is expected to discuss the issue with U.S. officials Monday in Washington.

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Morales // File Photo: Guatemalan Government.

POLITICAL NEWS

U.S., Guatemala Nearing 'Safe Third Country' Agreement

The United States and Guatemala are getting closer to a deal that would designate the Central American nation a "safe third country," a move that would require migrants passing through it to request asylum there, rather than proceeding to the United States, CNN reported Thursday. Such a deal would likely prevent migrants from countries including Honduras and El Salvador from applying for asylum in the United States. "Every week it's closer," an unnamed administration official told CNN, adding that the United States and Guatemala have been working daily to reach a deal. There "has been a lot of progress," but also setbacks in the talks, the official said. Last month, U.S. President Donald Trump said in a tweet that Guatemala was "getting ready" to sign such an agreement, and the designation also has the support of Acting Homeland Security Secretary Kevin McAleenan. On Monday, Guatemalan President Jimmy Morales plans to travel to Washington to discuss a deal with U.S. officials, The Wall Street Journal reported. Talks on the matter between U.S. and Guatemalan officials have been occurring for more than a month, the newspaper reported. A top Guatemalan official told The Wall Street Journal that Morales does not plan to sign any agreement during his visit next week. Critics of designating Guatemala a "safe third country" say it is not capable of serving as a shelter for thousands of Hondurans and Salvadorans who are fleeing violence at home, arguing that it cannot even protect the safety of its own citizens, thousands of whom have also fled in search of safety and jobs. "How can it offer to do something for foreigners that it can't do for Guatemalans?" said Manfredo Marroquín, the former head of Transparency International in Guatemala. Marroquín on Thursday presented an injunction request to Guatemala's constitutional court, seeking to prevent Morales from signing a safe third country deal with the United States. Marroquín

also questioned Guatemala's ability to process what could amount to thousands of asylum requests. "It's irresponsible both for President Morales and President Trump to sign an agreement that both know Guatemala can't honor," he said. Trump has sought to stem the flow of migrants into the United States. Last month, Mexico agreed to step up enforcement efforts after the U.S. president threatened broad tariffs on Mexican imports into the United States. In June, authorities in Mexico detained more than 29,000 migrants, the largest monthly total on record. Relatedly, U.S. authorities reported a 28 percent drop last month in the number of people either arrested at the country's southern border or seeking asylum at ports of entry.

U.S. Sanctions Venezuela's Military Counterintelligence

The United States on Thursday imposed new sanctions on Venezuela, this time targeting the South American country's military counterintelligence agency, accusing it of torturing and murdering detainees, Agence France-Presse reported. The sanctions freeze any U.S.-based assets of Venezuela's General Directorate of Military Counterintelligence. The new sanctions followed reports of the death and alleged torture of a former Venezuelan navy captain while under the custody of the military counterintelligence agency. "The politically motivated arrest and tragic death of Captain Rafael Acosta was unwarranted and unacceptable," U.S. Treasury Secretary Steven Mnuchin said in a statement, AFP reported. Acosta was arrested in June on charges of plotting to assassinate Venezuelan President Nicolás Maduro, and when he appeared in court, "he showed signs of physical abuse, including being in a wheelchair, and he was unable to speak," according to the U.S. Treasury. Acosta died the next morning while in custody, eight days after his arrest. According to Venezuela's attorney general, two officials from the agency were charged with homicide, though the charges do not include torture, the Voice of America reported. Venezuelan authorities on Wednesday buried Acosta's re-

NEWS BRIEFS

World Bank Approves \$500 Million Loan to Argentina

The World Bank has approved a \$500 million loan to Argentina, the second disbursement of a billion-dollar financing package it announced last year, the lender said Thursday, Reuters reported. The financial package, which was approved last November, seeks to help Argentina cover budget needs and channel funds to social program for children living in poverty, the bank said. The new loan has a grace period of seven years and is repayable over 32 years.

Ex-FARC Commander May Have Fled to Venezuela: Duque

Seuxis Hernández, alias Jesús Santrich, a former commander of the Revolutionary Armed Forces of Colombia, or FARC, guerrilla rebels may have fled to Venezuela, Colombian President Iván Duque said Thursday, Reuters reported. Hernández, who is wanted in the United States on drug trafficking charges and is a member of the lower house of Colombia's Congress, disappeared on June 30. Duque's government has offered a reward of up to 3 billion pesos (\$935,000) for information leading to Hernández's capture.

Brazilian Antitrust Agency Approves Inbursa's Buy of Global Payments Stake

Brazil's antitrust agency, CADE, has approved the acquisition by Mexico-based lender Inbursa of a 33 percent stake in the Brazilian unit of Global Payments, Reuters reported Thursday. Inbursa, which is controlled by Mexican billionaire Carlos Slim's family, wants to establish a card processing business in Brazil through Inbursa, the wire service reported. Inbursa informed CADE that Global Payments and the Brazilian unit of Slim's América Móvil may form a future partnership.

mains amid protests from his family, which had wanted to carry out an independent autopsy. Last week, U.N. High Commissioner for Human Rights Michelle Bachelet called for an autopsy meeting international standards. "I am shocked by the alleged torture of Captain Acosta Arévalo, and that his treatment in custody may have been the cause of his death" she said, the Voice of America reported.

ECONOMIC NEWS

Cuba Expects Tourism to Fall 8.5 Percent This Year

Tourism to Cuba is expected to drop 8.5 percent this year in the wake of tighter U.S. travel restrictions to the Caribbean island, the Cuban government said Thursday, Reuters reported. A boom in tourism in recent years has helped Cuba offset lower exports and a sharp decline in aid from key ally Venezuela, as the South American country deals with its own economic crisis, which prompted Cuba's communist government to take austerity measures such as cutting imports. Last month, the administration of U.S. President Donald Trump banned cruise ships and private planes and yachts from traveling to the island and ended an educational category of travel that served as an exemption to the overall ban on U.S. tourism. "These measures sparked a 20.33 percent reduction in tourist activity," Cuban Tourism Minister Manuel Marrero said in a speech to the National Assembly, according to state-run newspaper Granma. Marrero estimated that 4.3 million people would visit Cuba this year, down from the 4.7 million registered last year. The Trump administration's decision to allow U.S. lawsuits against foreign companies deemed to be profiting from properties that Cuba nationalized after the 1959 revolution is also affecting the tourism sector, according to the report. Several hotel operators and a unit of online travel agency Expedia have been the targets of such lawsuits. [Editor's note: See related Q&A in the March 18 issue of the Advisor.]

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was exacerbated in Colombia by a problematic former government policy that opened the door to foreign mining companies while declaring all non-formalized miners illegal. Since 2013, the government's attitude has changed, and it has made significant efforts to help artisanal miners to gain formal permits. While formalization can bring artisanal miners out of the shadows, this is just one small step in the process. Much more needs to be done, from promoting techniques that avoid the use of toxic mercury to facilitating access to markets. I do not have the answer to the human rights and environmental challenges that Latin American gold-mining communities face. But I know who does: every stakeholder in the gold supply chain, from the miners themselves all the way to the refineries, banks and jewelers on the other side of the world. By engaging with the issues collectively—through a collective action initiative—we can shape solutions that work on the ground and are supported by all involved."

A **Juan Felipe Ortiz-Riomalo, PhD candidate in the Alexander von Humboldt professorship on environmental economics at the Institute for Environmental Systems Research at Osnabrück University:** "Illegal gold mining accounts for about 80 percent of Colombia's total production, according to the Colombian Mining Association. In Colombia, illicit extraction of minerals is the exact definition of the criminal offense, meaning the exploitation of gold without necessary permits and inflicting considerable harm to the environment. Although informal mining also extracts minerals without the corresponding permits, production units classified as such are intended to carry out their activities within the scope of the current normative frameworks. In turn, artisanal gold mining refers to the activity that extracts and processes minerals, drawing on ancestral or traditional techniques and does not require permits to operate. The Colombian government has de-

vised policies specific to each type of mining activity: strict enforcement of the law to shut down illicit mining operations and informal operations, as well as technical support to informal and artisanal operations willing to improve their operational standards. In practice, however, these types of mining overlap, and weak government agencies face the challenge of effectively using the right policy tool to the corresponding type of mining operation. These are long-term policies, and it's hard to measure their success in the short term. However, anecdotal and press evidence suggest that some informal mining operations are making their way into formality, and several illicit operations have been closed down. Nonetheless, a systematic assessment of these policies is yet to be conducted. Informality and illegality still pervade Colombia's gold mining sector."

A **Rafael Saliés, Latin America risk advisory consultant:** "Colombia is just one country in the region suffering from illegal gold mining. Venezuela, Brazil, Peru, Suriname, Guyana and even French Guiana all suffer the same problem, though in different ways. In Venezuela, the government supports and extracts important revenues from these activities (allied to illegal actors), and in other countries illegal miners operate outside any state influence and in spite of it (France). Some local governments, such as in Peru, recently attempted to curb these activities, while others support dismantling environmental agencies, which helps the spread of illegal mining, in the case of Brazil. It is important to note that a major part of illegal mining is done in protected indigenous lands and forest reserves. Illegal activity is often done in artisanal ways, a big business in northern South America, counting on elaborate supply chains, machinery and protection to operate outside the law in dangerous locations. Larger companies do try to curb illegal mining near their licenses, while smaller companies frequently act as fronts

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to launder the proceeds of illegal mines and sell them legitimately. It is important to keep in mind that smuggling and sale of production tend to follow similar logistical routes as other illegal products—such as arms and narcotics—and that there is overlap in illegal mining areas and organized crime areas of activity. Without this overlap, smuggling production to Europe, South Asia and the Middle East would be a herculean task.”

A **Richard Teeuw, reader on applied geoinformatics and disaster risk reduction at the School of Earth & Environmental Sciences at the University of Portsmouth:** “The Chocó rainforest, which extends from the Andes mountains to the Pacific and Caribbean coasts, is one of the richest ‘biodiversity hotspots’ on the planet. Unfortunately, the Chocó region is also rich in gold deposits. Illegal gold mining along the valley of the Río Atrato has devastated habitats and the livelihoods of communities, releasing dangerous mercury into the environment. Gold has also attracted armed groups to the region, fueling violence and displacement. In 2017, the Colombian Constitutional Court recognized the inextricable relationship between the river and local communities. The Colombia River project, involving universities in the United Kingdom and Colombia, is providing information on the mining damage to the Río Atrato and its communities. Remote sensing from space satellites is providing imagery that can be used to assist the socio-environmental protection of the Atrato. Chocó’s frequent cloud cover makes it difficult to detect and monitor illegal mining and associated deforestation. Fortunately, new geoinformatic technologies have enabled mapping of the mining activity, notably radar satellites that can ‘see’ through cloud cover. Satellite radar revealed a surge of illegal mining activity following the global economic crisis. In the headwaters of the Atrato, illegal mining has destroyed approximately 100 square kilometers of forest since 2008. That’s an average of almost 20,000

square meters of mining per day, or the equivalent to 16 Olympic swimming pools—only you would not want to swim among the barren gravel in the polluted water that has replaced the rainforest.”

A **Thomas Dolzall, defense analyst at Forecast International:** “Colombia’s informal gold mining sector has been steadily increasing in its scale and impact over the past five years. Recent estimates by the U.N. Office on Drugs and Crime and Global Initiative Against Transnational Organized Crime indicate that between 66 and 80 percent of Colombia’s gold mining operations fall outside of formalized channels. Although illicit, informal and artisanal forms of mining activity can be clearly delineated as ideal types, the fluid reality of the informal economy and inconsistent definitions of these activities under various national legal systems often make it far more challenging to precisely disentangle these concepts in practice. In cases such as Colombia, opportunities are rife for the pursuit of rent-seeking or predatory behaviors on the part of armed groups, organized criminal entities or compromised local officials. Although the majority of informal mining operations are the product of a deficit of economic alternatives and a lax regulatory environment rather than criminal intent, informal mining operations are nevertheless frequently enmeshed in extortive or protective arrangements with local armed and criminal groups. However, a shortage of available law enforcement and bureaucratic resources and, often, strained relations between the center and local communities have often consigned any solutions to piecemeal implementation. Attempts to coordinate such efforts with the formal mining sector have borne some fruit in recent years but often have been hampered by the frequent disunity between mining interests and state actors. The reduction of illegal mining likely demands interconnected programs, but the emergence of such initiatives remains a work in progress.”

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