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FEATURED Q&A

How Important Is Mining to the DR's Economy?



The Dominican Republic's new president, Luis Abinader, has said he wants to encourage investment in the country's mining sector. // File Photo: Government of the Dominican Republic.

Q Luis Abinader, who took office as president of the Dominican Republic on Aug. 16, has indicated that he plans to encourage more investment in the country's mining sector. How important will mining be for the Dominican Republic's economy in the years ahead and in its recovery following the pandemic? What are the most important policy decisions facing Abinader's government with regard to the sector? To what extent do existing laws and policies in the Dominican Republic hinder investment in the mining sector, and does Abinader's Modern Revolutionary Party have enough clout to overcome them?

A Graham A. Davis, professor emeritus of mineral economics at the Colorado School of Mines: "Mining has the potential to play a significant role in the Dominican Republic's economy. This is because of both a generous geological endowment and an established and profitable mining sector. The expansion of the sector has to date been limited by a lack of stability in fiscal terms and an adversarial relationship between mining companies and the state. The most glaring example of the former was the Dominican Republic's demand for a renegotiated investment agreement at the Pueblo Viejo mine shortly after production started. The discord between the government and producers continues: EnviroGold, an Australian mining company, has recently brought international arbitration proceedings against the Dominican Republic for its alleged failure to provide a site to store processed tailings. Fiscal stability and certainty over permitting

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TODAY'S NEWS

POLITICAL

New Restrictions Leading to Delays at U.S. Border With Mexico

U.S. citizens who regularly cross the country's border with Mexico are reporting delays following tougher measures by U.S. authorities to crack down on nonessential travel.

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ECONOMIC

Businesses in El Salvador Can Now Fully Operate

A Salvadoran Supreme Court ruling has allowed businesses to fully operate for the first time in six months. The government had imposed the restrictions to curb the spread of Covid-19.

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POLITICAL

Colombia to Ease Lockdowns in Bogotá, Medellín

Colombian President Iván Duque announced that officials will gradually lift Covid-19 lockdown measures in the country's two largest cities.

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Duque // File Photo: Colombian Government.

POLITICAL NEWS

Colombia to Ease Lockdowns in Bogotá, Medellín

Colombian President Iván Duque announced Monday that officials will gradually lift Covid-19 lockdown measures in the country's two largest cities, Bogotá and Medellín, according to Colombia Reports. Duque's government imposed a nationwide lockdown on March 25. The president said Monday that he will extend a national state of emergency and that locations where outbreaks are continuing will still face "specific restrictions." However, he said lockdowns in Bogotá and Medellín will gradually be lifted starting Sept. 1 in coordination with the cities' mayors. Duque, Bogotá Mayor Claudia López



We must live together with the virus and seek a way to share responsibility."

— Iván Duque

and Medellín Mayor Daniel Quintero separately announced the easing of restrictions after data from the National Health Institute indicated that the country has passed the peak of the pandemic, according to Colombia Reports. Duque called the reopening in Bogotá and Medellín "a road to adaptation." He added, "We must live together with the virus and seek a way to share responsibility." Duque said restrictions on events and large crowds will remain in place nationwide at least through September, Reuters reported. López said the capital would be on its way to "the new normal," according to Colombia Reports. She added that public transportation in Bogotá would be limited in capacity to 35 percent. López added that the city would "strengthen epidemiological vigilance and increase the tracking and isolating of contacts" of people who contract Covid-19. In Antioquia department, where Medellín is the capital, intermunicipal travel will remain

closed, except for the southwest part of the department, where many temporary workers are needed for harvesting coffee, according to acting Governor Luis Fernando Suárez. Also on Monday, Duque announced that Colombia would participate in Phase 3 trials of a Covid-19 vaccine developed by Johnson & Johnson, Reuters reported. The worldwide trial will involve 60,000 healthy volunteers between the ages of 18 and 60 who will receive a single dose of the vaccine, according to Colombia's health ministry. Colombia has more than 551,000 confirmed cases of Covid-19 and more than 17,000 reported deaths from the disease, according to a count by Johns Hopkins University.

Tougher Restrictions Leading to Delays at U.S.-Mexico Border

U.S. citizens who regularly cross the border from Mexico are reporting long delays to re-enter the United States, following new coronavirus-related restrictions on cross-border travel by U.S. citizens and permanent residents, Reuters reported Monday. U.S. Customs and Border Protection, or CBP, recently announced measures to curb nonessential travel during the pandemic. Among them, in ports of entry including the San Ysidro, Otay Mesa and Calexico crossings in Baja California, secondary inspections will be conducted on those who are suspected of traveling for an unnecessary reason, NBC San Diego reported. During that secondary inspection, travelers will be given educational materials on the coronavirus issued by the Centers for Disease Control and Prevention in a bid to raise awareness about the pandemic and the risks of cross-border travel. According to the CBP, a recent survey of 100,000 travelers found that 60 percent of travel across the U.S.-Mexico border by U.S. citizens and permanent residents was not considered essential. The agency said the measures are being taken because of an increase in positive Covid-19 cases along the Mexican side of the border. According to CBP data, wait times at some border crossings have doubled

NEWS BRIEFS

Death Toll Rises to 13 as Hurricane Laura Churns Through Gulf of Mexico

The death toll has risen to 13 on the island of Hispaniola as Tropical Storm Laura, which was upgraded this morning to hurricane status, brushed the southern coast of Cuba on Monday and took aim today at the U.S. Gulf Coast, Agence France-Presse reported. Nine people were reported dead in Haiti, and four were reportedly killed in the Dominican Republic as the storm pounded Hispaniola. The storm is expected to make landfall Wednesday night near the Texas-Louisiana border.

Fires Prompt Residents to Evacuate in Argentina's Córdoba Province

Fires in Argentina's Córdoba province are prompting evacuations and threatening to destroy homes, due in part to strong winds and a lack of rain, officials said Monday, Reuters reported. At least 55 square miles of grasslands and mountainous territory so far have been damaged by the fire, mainly in the northern areas of Punilla and Ischilín, according to local media. The Córdoba government has warned of an "extreme" risk of fires throughout the province, calling on citizens to report them.

Brazil's Vale Opens New Facility in China

Brazilian miner Vale and China's Ningbo Zhoushan Port Group held a ceremony at the NZP Group headquarters in Zhejiang province in China to celebrate the opening of the Shulangu grinding center, the Rio de Janeiro-based company said in a filing today, Reuters reported. The unit, located at the Shulangu ore transfer terminal in the city of Zhoushan, is Vale's first iron ore grinding center in the Asian country. It has three production lines, with a total nominal capacity of three million tons per year, the company said.

or tripled, Reuters reported. On Monday, border-crossers reported wait times of as much as five to six hours.

ECONOMIC NEWS

Businesses in El Salvador Allowed to Fully Operate

For the first time in almost six months, businesses in El Salvador are operating without restrictions following a Supreme Court ruling that a government decree regulating the reopening in five stages was unconstitutional, the Voice of America reported today. The Supreme Court concluded that the decision to regulate the restart of businesses that had been closed to



Bukele // File Photo: Salvadoran Government.

prevent the spread of Covid-19 falls under the responsibilities of the Legislative Assembly. President Nayib Bukele in May had vetoed a legislative decree to reopen El Salvador's economy, arguing it was unconstitutional, El Diario de Hoy reported. The court's ruling requires his government to publish the decree in the Official Gazette. "The impact on the number of cases, a product of the economic reopening, we will begin to see within 5 and 15 days, the virus' maximum period of incubation and of presenting symptoms," Bukele wrote today on Twitter. "Let's [pray to] God for our country and our people," he added. Following the announcement on Monday, public transit companies said they will operate at between 50 percent to 80 percent capacity, and the reopening will not include public and private schools and universities, as in-person classes are suspended. San Salvador's airport is set to restart operations

TECH BRIEFS

Colombia's Tech Ministry Releases Draft Guide on Blockchain Technology

Colombia's Ministry of Information Technology and Communications this month released the draft of a guide that calls for the public sector to adopt blockchain technology, including crypto payment-related matters, Cointelegraph reported Aug. 19. In the guide, the ministry outlines the advantages and disadvantages of implementing distributed ledger technology, or DLT, on projects related to public entities. The ministry adds that the Andean nation is "lagging" in the adoption of blockchain technology, citing progress made in E.U. countries, China, the United Arab Emirates, the United States and Canada. Several organizations, including ViveLab Bogotá, Universidad Nacional de Colombia and Bogotá City Hall, participated in the drafting of the guide, proposing 10 solutions seeking to remove third-party involvement within the security infrastructure using blockchain technology, which increases "confidence and transparency" in data management, according to the report.

Eva Tech Looking to Expand Centers Following Latest Investment Round

Mexican start-up Eva Tech, which is focused on developing solutions to detect breast cancer on time, will expand its centers following a recent investment round, Contxt reported Aug. 20. The start-up had previously closed \$5 million in 2018. Eva Tech is known for having developed bra three years ago that uses thermal technology and artificial intelligence to detect potential tumors, but co-founder and CEO Julián Ríos recently said in an interview that the company is moving away from a one product per person approach. Instead, it is focusing on developing a solution to expand its reach in a bid to save more lives through the early detection of breast cancer, Contxt reported.

Petrobras, Microsoft Partner for Tech Solutions Amid Coronavirus Lockdowns

Brazilian state oil company Petrobras has fast-tracked a move to partner with Microsoft's cloud platform as lockdowns related to the coronavirus pandemic led to a more urgent need for remote working solutions, according to Fernando Lemos, Microsoft's chief technology officer in Brazil, Business Standard reported Aug. 20. Lemos said in an interview that the energy company had already been testing the service before lockdowns. The cloud platform allows Petrobras staff to access from home data that was previously only available in its Rio de Janeiro headquarters, as well as to monitor the use of safety equipment at deepwater vessels. Additionally, Microsoft's artificial intelligence technology has allowed Petrobras to process its geological data, with which the Brazilian firm aims to eliminate dry holes during exploration and reach commercial production at offshore wells at a faster rate while at the same time reducing costs, Business Standard reported.

for connecting international flights on Friday, while flights to and from El Salvador are set to resume on Sept. 19. The Central American

country has more than 24,800 confirmed cases of coronavirus and more than 660 related deaths, the Voice of America reported.

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standards are two important attributes mining companies consider when looking at international investment. The Dominican Republic has a relatively poor record on both. President Abinader appears to be well aware of these past problems, as is Miguel Peña, Abinader's reported selection for an energy and mines cabinet post. While there is always the desire that the government obtain its fair share of profits from mineral extraction, most mining companies would gladly pay higher taxes in return for a stable fiscal regime that allows them to confidently plan on recovering their initial investment. To the extent that the Abinader administration can credibly guarantee such stability, its goal of increasing mining's contribution to the economy may well be achieved."

A **Mary Fernández Rodríguez, founding partner at Headrick Rizik Álvarez & Fernández in Santo Domingo:** "The mining sector in the Dominican Republic remains an area of investment and growth that is poised to continue its development in the coming years. While mining has been traditionally limited to gold, and the Barrick Pueblo Viejo mine is the single largest source of FDI in the country, other materials are abundant in the Dominican geography and are of significant value to the economy at large. One of the principal areas of concern around mining has been its tendency to be viewed as 'extractive' and adding little value to an economy. The positive developments around the Barrick project during the past several years have served to mitigate many of these concerns, as that project has shown that mining can be a win-win industry. In addition, the mining laws and permitting processes in the Dominican Republic have been quite antiquated and bureaucratic. The recently installed government has signaled that it will consolidate and streamline all mining and energy regulation in the Ministry of Energy and Mines, which had been previous-

ly sidelined in its role due to the existence of other entrenched bureaucracies. This change, along with a renewed Ministry of Environment—which has a new, very capable minister in charge—promises to align legitimate regulatory and supervisory roles with the need for development. Expansion of opportunities in the mining sector can play a key role in the creation of jobs and economic recovery for the Dominican Republic, and the new administration should make the industry a priority."

A **Kelli Bissett-Tom, director of Americas Sovereign Ratings at Fitch Ratings:** "The economy of the Dominican Republic (which Fitch rates 'BB-/Negative') faces steep challenges from lost tourism flows and domestic lockdowns resulting from the coronavirus, which will undermine both tourism foreign-exchange receipts (8 percent of GDP in 2019) and tourism-related FDI (29 percent of total FDI and 1 percent of GDP in 2019) into the strategic industry during 2021-2022. Economic activity contracted 8.5 percent year-on-year between January and June. While mining is a multi-year investment proposition and faces growing environmental scrutiny from ESG-minded investors, minerals investment could be a timely, partial boon to the economy, providing near-term foreign direct investment, foreign exchange and jobs plus longer-term (tax) incentives for multiple projects when the mining code is internationally competitive (for example, serial project investments in Peru). Mining FDI into the Dominican Republic remains low since one gold mine became fully operational in 2013 (it was just 0.3 percent of GDP or 9 percent of total FDI inflows in 2019). President Abinader was elected on a business-friendly ticket, and the Dominican Republic has sustained a nearly 15-year record of macro stability through multiple external shocks—both supporting factors for FDI."

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