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FEATURED Q&A

Can Latin America Replace Jobs Lost in the Pandemic?



The coronavirus pandemic has put tens of millions of people out of work across Latin America and the Caribbean. // File Photo: Colombian Government.

Q The United Nations International Labor Organization said last month that at least 34 million jobs have been lost across Latin America due to the coronavirus pandemic, and it urged countries to adopt “immediate strategies” in order to deal with the unprecedented problem. What strategies and tactics can countries use to more quickly recover jobs? Which industries will governments in the region target for support, and should they invest more in strategic or nontraditional sectors to create new employment opportunities? To what extent will the jobs that have been lost come back once the pandemic eases, and what other problems will stem from the job losses?

A Salvador Paiz, president of FUNSEPA and board member of FUNDESA in Guatemala City: “We have been overwhelmed with data on infection rates and fatality rates stemming from the Covid-19 pandemic. However, the fatality rate of corporations, surging from the pandemic or the public policies to contain it, has not received the same level of attention. Corporations are at risk, particularly those with pre-existing conditions such as having exposure to tourism, or those in younger age-brackets, or those with smaller and medium-size builds. The death of these small- and medium-sized businesses has led to unfathomable amounts of job losses. Unlike a ‘normal’ crisis or macroeconomic cycle, this one has left behind massive economic tissue damage, which warrants a commensurate response. Countries in Latin America must act quickly to prevent permanent stunting and should take advantage of the dislocations caused by ‘near-shoring’ and the search for resiliency in global supply chains. Deliberate and country-specific

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Chile Must Probe Alleged Rights Violations by Police: Amnesty

Amnesty International called on Chile's government to investigate cases of alleged human rights violations by police officers during street protests in the South American country.

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BUSINESS

Owner of Brazil's JBS Agrees to \$128 Million Fine

The controlling shareholder of Brazilian meatpacker JBS agreed in U.S. federal court to pay \$128 million in fines to settle a long-running bribery case.

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POLITICAL

Colombia Should Better Protect Ex-Combatants: U.N. Envoy

U.N. special representative Carlos Ruiz Massieu called for better protections for former Colombian combatants who he said are being killed “in alarming numbers.”

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Ruiz Massieu // File Photo: United Nations.

POLITICAL NEWS

Amnesty Calls on Chile to Investigate Rights Violations

Chile's government must investigate allegations of human rights abuses by members of the country's National Police during last year's protests in the South American country, Amnesty International said in a report released Wednesday, the one-year anniversary of the beginning of the demonstrations. "Serious human rights violations, including that of the demonstrators' right to physical integrity, were committed on a widespread basis because those in strategic command did not take all the necessary measures to prevent them," Amnesty International said in releasing the report. The report covers actions of police officers between Oct. 18 and Nov. 30 of last year, but the human rights group said "cases of excessive use of police force continued to be recorded until mid-March 2020." The group added that new incidents have been recorded since then, including the case of a 16-year-old who fell from a bridge earlier this month after a police officer allegedly pushed him. The officer now faces charges of attempted murder. "Those in strategic command of the national police allowed acts of torture and ill-treatment to be committed against demonstrators because they considered them to be a necessary evil in order to disperse the crowds at all costs," said Erika Guevara-Rosas, the Americas director at Amnesty International. Guevara-Rosas said the human rights group documented violent incidents that were not isolated acts, but rather acts that were "likely to have been committed because of a policy whose ultimate aim was to discourage social protest." Chilean President Sebastián Piñera has denied allegations that police allowed excessive force to be used against protesters, and officials of his government have said cases of abuse would be investigated and prosecuted, Reuters reported. Chile's ministry of justice and human rights responded to the report saying that police did not have any "premeditated or generalized practice

or policy of use of force with the intention of punishing protesters."

U.N. Envoy: Colombia Should Better Protect Ex-Combatants

The United Nations' envoy for Colombia on Wednesday called for better protection of former combatants who are being killed "in alarming numbers," voicing concern of increased violence and massacres by other groups that have emerged since the 2016 peace accord, the Associated Press reported. Additionally, the envoy, Carlos Ruiz Massieu, told the U.N. Security Council that more effort is needed to fight impunity for these crimes, "including by bringing intellectual authors to justice." The U.N. Secretary General's latest report to the council, which was made public last week, said the organization's political mission in Colombia has confirmed 19 murders of former combatants of the Revolutionary Armed Forces of Colombia, or FARC, rebel group over the past three months ending Sept. 25. Among them was a former high-ranking commander, Jorge Iván Ramos, alias Mario Morales, who became a leader of the FARC political party following the 2016 peace deal. He was killed on Aug. 28. According to local newspaper El Tiempo, at least 225 former FARC combatants who have been "reincorporated" into society as part of the peace deal have been killed since the signing of the agreement.

BUSINESS NEWS

Owner of Brazil's JBS Agrees to \$128 Million Fine in Bribery Case

The controlling shareholder of Brazil-based JBS, the world's largest meatpacker, agreed Wednesday to pay \$128 million in fines in order to settle a long-running bribery case, The Wall Street Journal reported. To settle the case,

NEWS BRIEFS

Number of Migrants Attempting Illegal U.S.-Mexico Crossings Rises

The number of migrants found trying to enter the United States illegally across the country's border with Mexico was up in September, according to the latest U.S. government statistics, Reuters reported. U.S. Customs and Border Protection said Wednesday it had captured 55,000 people at the southwest border last month, more than triple the amount in April and up from 47,000 in August. Additionally, nearly 3,000 migrants were deemed "inadmissible" at ports of entry, the agency said.

Argentina Needs 'Political Determination' to Mend Economy: IMF Chief

Argentina's government will need "political determination" to get the country out of its dire economic situation, Kristalina Georgieva, the managing director of the International Monetary Fund, said Wednesday, the Buenos Aires Times reported. In the IMF annual meeting, Georgieva said the Argentine government should prioritize a "credible and comprehensive economic agenda" that simultaneously supports the economy and the people. On Monday, the IMF said it would send a team to Buenos Aires to begin talks on a new loan program.

Venezuela Starts Trials for Russian Covid-19 Vaccine

Venezuelan officials have selected volunteers to participate in clinical trials of Russia's Covid-19 vaccine, known as Sputnik V, said President Nicolás Maduro, according to Russia's government-run Tass news agency. "The Russian vaccine is already in Venezuela, the trials are already starting, there are 2,000 volunteers," said Maduro. Venezuelan Vice President Delcy Rodríguez has previously said that Venezuela plans to produce the Russian vaccine locally.

JBS' owner, J&F Investimentos, pleaded guilty in federal court in New York to violating the U.S. Foreign Corrupt Practices Act. In 2017, J&F had acknowledged paying approximately \$150 million in bribes to Brazilian politicians in order to secure cheap funding from the South American country's government to fuel an ambitious acquisition spree. The case resulted in the jailing for several months of the company's two major controllers, brothers Joesley and Wesley Batista. "As part of this scheme, executives at the highest levels of the company used U.S. banks and real estate to pay tens of millions of dollars in bribes to corrupt government officials in Brazil to obtain hundreds of millions of dollars in financing for the company and its affiliates," said Brian Rabbitt, the acting assistant attorney general for the criminal division of the U.S. Justice Department. In a letter addressed to shareholders, JBS said Wednesday that it, along with its controlling shareholder, are committed to cooperating with authorities everywhere it operates and that the company is committed to best corporate practices. "The agreements announced today represent an important step in their continuous efforts to improve their compliance and corporate governance programs," said JBS. In a related agreement, JBS said it would pay the U.S. Securities and Exchange Commission \$26.8 million in relation to accounting irregularities at Pilgrim's Pride, a JBS subsidiary in the United States, the Associated Press reported. An attorney for J&F, Lucio Martins Batista, told the court that between 2005 and 2017, the company gave cash and gifts, including a \$1.5 million apartment in New York that it had bought through a shell company, to five Brazilian officials in order to help it secure financing from Brazilian state-run banks, the wire service reported. The financing was used in part to pay for JBS' expansion in the United States. That expansion included its acquisition of Pilgrim's Pride as well as Swift & Co. "Today's actions send a strong message that we will not relent in our efforts to uphold the law and hold everyone accountable to play by the same, fair rules," said James Dawson, the special agent in charge in Washington at the U.S. Federal Bureau of Investigation, or FBI. Under the settlement, the U.S. Justice Department actually imposed a penalty of

\$256.5 million, but it ordered JBS to pay only half of that amount in order to compensate for fines that it has already paid to authorities in Brazil, The Wall Street Journal reported. The settlement could pave the way for JBS to list its international unit in the United States, which it has been pursuing for years, Pedro Galdi, an analyst at brokerage Mirae Asset, told The Wall Street Journal.

Mexico's Pemex Outlines Plans to Increase Production

Mexican state oil company Pemex expects to increase liquids production, particularly crude oil, to 296 million barrels per day (bpd) by the end of 2024, when President Andrés

Manuel López Obrador's six-year term ends, Pemex chief executive officer Octavio Romero said on Wednesday, Reuters reported. In a presentation to a congressional committee, Romero said output could hit 1.94 million bpd by the end of this year as new developments bring more barrels. Romero added that private output is expected to reach only 70,000 bpd by the end of the year and 280,000 bpd by 2024. Bloomberg News last month reported that the company was facing a drastic plunge in oil exports in coming years as it faces the challenges of declining production and supplying crude to López Obrador's flagship \$8 billion refinery. Citing two unnamed sources, Bloomberg News reported that Pemex expected a reduction of nearly 70 percent in exports of its Maya crude between 2021 and 2023. Pemex did not respond to Bloomberg News' request for comment.

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efforts must be made toward identifying and stimulating synaptic growth toward sectors with high global demand and high market access, adjacencies in the product space and products with revealed comparative advantage, all as per Ricardo Hausmann's research. In addition, economic actors must be incentivized to make 'big bets' and to leapfrog into the product spaces of the future. The U.S. International Development Finance Corporation could play a critical role by bringing economic science and focusing resources to the post-Covid recovery. The region's governments are highly leveraged, and direct stimulus packages have all but dried up. The future policies must recognize those constraints and stimulate the regenerative growth of new and existing firms. Jobs will hopefully follow."

A **Gimena Sánchez-Garzoli, director for the Andes at the Washington Office on Latin America:** "A multitude of factors accelerated by the global Covid-19 pandemic and restrictions necessary to stop its spread is bringing about an unprecedented global

crisis related to employment. According to the ILO, approximately 81 percent of the global work force has been negatively affected. Workers in the informal economy and without adequate labor protections, a

“Workers in the informal economy and without adequate labor protections ... face huge obstacles.”

— Gimena Sánchez-Garzoli

large sector in Latin America, face huge obstacles. This leads to hunger, migration and violence. There is no quick magic fix, and this is not something that governments can overcome by themselves. They will require support from the private sector. Tools that can help are economic and employment stimulus packages, protecting and supporting businesses while at the same time strengthening labor rights and fomenting social dialogue. In Latin America, Afro-Co-

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lombians, Indigenous people and women, as well as the rural sector, need protection from discrimination and abuse, as well as guarantees to be able to unionize, decrease subcontracting and defend against practices that depreciate their labor and make their jobs disposable. The overall situation of how well governments are tackling these obstacles is measured by how well they address their impact on the most vulnerable sectors.”

A Manuel Agosin, professor in the school of economics and business at the University of Chile: “The jobs fallout of the pandemic will be terrible in Latin America. Many jobs have just disappeared, as firms have gone bankrupt. The big push to get jobs back is being hampered by the impact of the pandemic on fiscal budgets. Most of the countries in the region already had significant and unsustainable budget positions before the pandemic. Voluntary lending from international markets to strapped governments is highly unlikely. That leaves the multilateral financial institutions as the only ones that can provide the finance needed to subsidize investment (through accelerated depreciation provisions) or directly subsidizing employment. The Chilean government,

whose debt is lower than those of most other countries in the region, has just unveiled a plan to subsidize employment, with special provisions for the hiring of young people and women. Historically, unemployment among the young has been much higher than

“Most of the countries in the region already had significant and unsustainable budget positions before the pandemic.”

— Manuel Agosin

that of mature workers. And women have borne the brunt of the pandemic’s fallout on jobs, as schools and day care centers have closed. The assistance of the Inter-American Development Bank, the World Bank and of subregional financial institutions will be essential to combat unemployment and a sharp increase in poverty.”

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

The Future of U.S. Sanctions

A Latin America Advisor interview with Marta Colomar Garcia, administrative managing partner at Diaz, Reus & Targ

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