

## BOARD OF ADVISORS

### Diego Arria

Director, Columbus Group

### Devry Boughner Vorwerk

Chief Corporate Affairs Officer, Grubhub

### 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, Americas Int'l Gov't Relations, Exxon Mobil

### 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

# Can Latin America Create Better Jobs for Young People?



Unemployment has hit Latin American youths particularly hard during the pandemic. A job fair in Mexico in 2018 is pictured. // File Photo: Mexican Government.

**Q** Latin America and the Caribbean have lost 26 million jobs as a result of the Covid-19 pandemic, according to the International Labor Organization. The pandemic has been especially hard on youth, with informality and inactivity rates affecting nearly 110 million young people across the region. What regional and country-specific policies exist to mitigate high youth unemployment rates, and what more can governments do to support young people looking for work? How can education systems better develop young peoples' skills so that they can fill jobs that will be in demand in the future? What will be the effects of greater automation on youth employment, and how can technology be part of the solution to creating better job opportunities?

**A** Vinícius Carvalho Pinheiro, regional director for Latin America and the Caribbean at the International Labor Organization: "We entered 2021 facing an unprecedented crisis in jobs and incomes as a result of the Covid-19 pandemic. In Latin America and the Caribbean, 26 million jobs were lost during 2020. The severe shocks to labor markets have fueled inequalities in access to employment, education and productive assets such as land and technology, which are crucial to young people's development. As employment losses among youth translate more and more into higher levels of inactivity, the challenge is not one of unemployment alone, but rather a complex mix of discouragement, limited access to decent work and low-quality jobs. Attention to the youth employment challenge needs to be urgently intensi-

Continued on page 2

## TODAY'S NEWS

### POLITICAL

## Brazil Regulator Rejects Imports of Russian Vaccine

Brazilian health regulator Anvisa rejected the importation of Russia's Sputnik V vaccine, which several other countries are using. The official Twitter site for the vaccine criticized the decision as politically motivated.

Page 2

### ECONOMIC

## Argentine Health Workers' Protest Could Bring Fuel Shortages

A protest by health workers at Argentina's Vaca Muerta shale deposit could lead to a national fuel shortage.

Page 3

### POLITICAL

## U.S. Sanctions Two Guatemalans Over Graft Allegations

The U.S. Treasury sanctioned current Guatemalan Congressman Felipe Alejos Lorenzana as well as a former Guatemalan presidential chief of staff in connection with corruption allegations.

Page 2



Alejos Lorenzana // File Photo: Guatemalan Government.

## POLITICAL NEWS

## Brazil Regulator Rejects Imports of Russian Vaccine

Brazil's health regulator, Anvisa, on Monday rejected the importation of Russia's Sputnik V Covid-19 vaccine after technical staff pointed out what it called "inherent risks" and "serious" defects, Reuters reported. Anvisa's five-member board unanimously rejected the vaccine, citing a lack of information guaranteeing its safety, quality and efficacy. A critical factor was the presence in the vaccine of the adenovirus, which could lead to a "serious" defect, said Gustavo Mendes, the regulator's manager for medicines and biological products. Criticism of the decision was posted in Portuguese on the official Sputnik V Twitter account. One posting said the rejection "was of a political nature" and had "nothing to do with access to information or science," The New York Times reported. It also accused the United States of persuading Brazil to reject the vaccine's approval. The latest wave of Covid-19 has been brutal for Brazil. The country has recorded more than 391,000 deaths from the disease, the second highest in the world, after the United States, according to Johns Hopkins University.

## FEATURED Q&amp;A / Continued from page 1

fied if we are to avert the risk of a 'lockdown generation' of young people scarred throughout their working lives. The ILO has called for large-scale policy responses, including boosting the quality and delivery of online and distance learning, strengthening complementarities with psychosocial support and sports activities, and providing integrated support that allows young people to tap into emerging opportunities in technology, the care economy and the green economy. Investing in human capital is also crucial to providing young people with opportunities and reasons to stay in their home country, thereby preventing massive outmigration.

## U.S. Sanctions Two Guatemalans Over Graft Allegations

The administration of U.S. President Joe Biden on Monday sanctioned a current and a former Guatemalan official in connection with corruption allegations, the U.S. Treasury said in a statement. The sanctions target Felipe Alejos Lorenzana, a current Guatemalan congressman, and Gustavo Adolfo Alejos Cambara, who was chief of staff to former Guatemalan President Álvaro Colom. In February of last year, the office of Guatemala's special prosecutor against impunity, or FECCI, discovered that while in pretrial detention related to prior allegations of corruption, Alejos Cambara sought to influence the judicial selection process for magistrates to Guatemala's Supreme Court of Justice and Court of Appeals, the Treasury alleged. To that end, he allegedly facilitated payments to congressional representatives and judges of the Supreme Court of Justice, the Treasury added. He is accused of taking these actions in coordination with Alejos Lorenzana. The actions were taken to "influence an outcome at both institutions that would secure Gustavo's future release from prison, dismiss the corruption charges against him, and protect Felipe—as well as CSJ judges—from future

Technology can indeed be an equalizer, ensuring continuity in learning and bringing the benefits of the growing digital economy to young people and other marginalized groups—as long as we ensure that the digital transformation creates quality jobs for young people, irrespective of their gender or contractual status."

**A**lejandro Matos, Colombia country manager for Cuso International: "The precariousness of youth employment in the region has worsened in recent years. Instead of improving the quality of jobs held by urban

Continued on page 4

## NEWS BRIEFS

## Venezuelan Lawmakers Poised to Allow Maduro to Sign Secret Deals

Venezuela's National Assembly is expected to ratify a law passed last year by the government-allied Constituent Assembly that will allow the Maduro administration to confidentially sign deals with private firms in a bid to work around U.S. sanctions, Reuters reported Monday. National Assembly leader Jorge Rodríguez told the wire service that the "anti-blockade" bill "grants much more security" to investors concerned about violating U.S. sanctions.

## Volkswagen Suspending Jetta Production in Mexico Due to Chip Shortage

Volkswagen de México said Monday that a global semiconductor shortage will cause it to suspend production of Jetta models in Mexico for two weeks next month and pause assembly of Tiguan SUVs for 11 days, the Associated Press reported. The chip shortage has already forced Ford to build F-150 pickup trucks without some onboard computers. Earlier this year, General Motors halted production at factories in Canada, Mexico, Brazil and other countries due to the chip shortages, which are expected to extend into the rest of this year, Investor's Business Daily reported recently.

## Firm Offers Cuba Deal on Defaulted Debt

An investment firm that holds loans on which Cuba's government defaulted decades ago is offering the country a deal it says would help Cuba return to international debt markets, Bloomberg News reported Monday. The firm, CRF I Ltd., holds more Cuban debt than any other entity in the London Group of private creditors. It offered to convert approximately \$1.4 billion of the debt into a zero-coupon loan that would require no payments until 2026, the news service reported.

prosecution due to corruption," the Treasury alleged. "When elected officials in Guatemala pursue self-enrichment in their official duties, it is an affront to democratic principles in the region," Treasury Secretary Janet Yellen said in a statement. "This action serves to shine a light on corruption and promote accountability for those who would seek to thwart the judicial process." Alejos Cambara is currently under house arrest and has been targeted in several corruption-related investigations, the Treasury said. As a result of the sanctions, property and interests in property that the two men have in the United States is blocked and must be reported to the Treasury's Office of Foreign Assets Control. The announcement of the sanctions came on the same day that U.S. Vice President Kamala Harris met virtually with Guatemalan President Alejandro Giammattei. At the meeting, Harris announced an additional \$310 million in U.S. aid to Central American countries, Reuters reported. The money would come from the U.S. Agency for International Development as well as the State, Defense and Agriculture Departments. The aid includes \$125 million to help the region deal with droughts, shortages of food and the Covid-19 pandemic. It also includes \$104 million for protecting refugees and people seeking asylum. "We want to work with you... in a way that will bring hope to the people of Guatemala, that there will be an opportunity for them if they stay at home," Harris told the Guatemalan president, with whom she plans to meet in person in June. "I believe that we should build a road map between governments ... so that we can reach an agreement ... [and] can work on this very hard road that we have ahead of us," Giammattei told Harris.

## ECONOMIC NEWS

### Protest by Argentine Health Workers May Bring Fuel Shortages

Health workers on Monday continued blocking roads near Argentina's Vaca Muerta shale oil and gas deposit, rejecting a regional govern-

## THE DIALOGUE CONTINUES

### Does Inflation Risk Threaten Recovery in Latin America?

**Q** **A rising level of inflation "is no longer a risk but a tangible reality in a number of emerging markets," including the main economies of Latin America, Alberto Ramos, the head of Latin America economic research at Goldman Sachs, said in a note on April 13. Inflation "will likely get worse before it gets better," he added. What are the major factors putting pressure on inflation in Latin America? How much do rising consumer prices in the region threaten economic recovery from the Covid-19 pandemic-led recession? Which countries of the region will see the highest levels of inflation this year, and how much room do their central banks have to raise interest rates and take other corrective action?**

**A** **Alicia Girón, professor at the Economic Research Institute of the National Autonomous University of Mexico:** "Many financial organizations have seen inflation as an enemy to defeat. It is enough just to recall Brazil's and Argentina's experiences with inflation in the 1980s. In recent years, inflation targets and central bank reforms that prioritized curbing inflation over

economic growth have mitigated inflation. Today's health, economic and financial crisis has shown that contractionary monetary policies have failed. Monetary austerity has restricted public spending on health, education and even access to water as shown by recent data from the spring meeting of the International Monetary Fund. Most important for Latin America is the creation of employment for a speedy recovery, prioritizing fiscal policy, increasing public spending to trigger the reactivation of the private sector and forgetting about inflation. Does Latin America want stable macroeconomic indicators promoting austerity and restricting public spending, or sustained and sustainable economic development with jobs and inflation? Not having inflation means not spending and therefore restricting employment. In that case, Latin American governments will hardly be able to achieve the U.N. Sustainable Development Goals."

---

**EDITOR'S NOTE: The comment above is a continuation of the Q&A published in the April 22 issue of the Advisor.**

---

ment wage offer in a protest that could bring a national fuel shortage, Reuters reported. The protesters, which include doctors, nurses and hospital staff, have erected some two dozen roadblocks around the town of Anelo, in Neuquén province. So far, fuel shortages have been localized, with fuel trucks being prevented from entering production areas, according to the report. "What is mostly being impacted is the movement of supplies to the field and new crews coming in and out," Wood Mackenzie analyst Igancio Rooney told Natural Gas Intel this week. The government had offered a 53 percent salary increase paid in installments

until April 2022, but workers wanted an immediate 40 percent cash increase given high inflation. Argentina's economy is poised to rebound this year with 6.7 percent growth from a 10 percent contraction in 2020, according to S&P. However, inflation is also accelerating and is expected to reach 46 percent at the end of the year. On April 15, Energy Secretary Darío Martínez said in a presentation that a major bill for promoting "clear and stable conditions" for private investment and development of the large shale resources in the Vaca Muerta, among other areas, is "nearly ready" to be sent to lawmakers.

## FEATURED Q&amp;A / Continued from page 2

youth in the lowest socioeconomic levels, youth earn lower wages, work fewer hours and access a lower number of social welfare benefits. The pandemic has aggravated their job insecurity. The pandemic will end one day, but the precariousness of employment will not. When the pandemic is over, cash transfer policies for workers and households—as well as programs that reward companies that hire poorly educated young people—will need to be maintained and broadened. Otherwise, it is likely that young

“The precariousness of youth employment in the region has worsened in recent years.”

— Alejandro Matos

people will be pressured to generate income in the short term and become unemployed or informal workers, thereby limiting their training and education opportunities and increasing precarious work. Education systems must also evolve according to our increasing digital work environment. It is necessary to promote the ‘basic digital basket,’ consisting of a smartphone, a tablet/laptop and an Internet plan, by breaking down the barriers that prevent the poorest and most vulnerable populations from accessing the benefits offered by virtuality and acquiring the minimum digital skills to access formal employment. In Colombia, for instance, initiatives such as the Digital Education Program led by the National Training Service (SENA) could be broadened and reinforced. This program, through a partnership with the private sector, develops training processes in new technologies, including the supply of SIM cards that allow free navigation for its trainees and enable them to carry out training processes in times of confinement or mobility restrictions.”

**A**ngela Venza, regional director for the Americas at the International Youth Foundation: “Governments and education systems have an important role to play in supporting young people as they take action to create the economic futures they want and deserve. First, it is necessary to ensure that technical education focuses on the key skills that employers demand. Given the trend for more remote work and the use of virtual platforms, this must include training in state-of-the-art information technology. Moreover, equipping young people with transferable 21st-century life skills is critical because employers need workers who can solve problems, think creatively, work in teams and manage conflict. These skills will be even more valuable in an era of increased automation. Second, it is necessary to support young people’s resiliency and pay attention to mental health needs. The emotional trauma of Covid-19 affects the whole population, but its impact on young people is especially acute. Planning for the future in such an uncertain environment takes an extra heavy toll. Increasing investment in psycho-social counseling will help young people cope with setbacks and build resilience. This support can be provided in a virtual format—such as through WhatsApp—to meet young people where they are and to facilitate access. Finally, offering remote job training options to young people can increase access among those who otherwise might not have been able to attend in-person. Governments should invest in virtual training curricula and teacher preparation and ensure access for students and teachers to digital devices and stable Internet connections. Young people are already transforming their lives and communities. We must stand by, for, and with them as they do.”

*The Advisor welcomes comments on its Q&A section. Readers can write editor Gene Kuleta at [gkuleta@thedialogue.org](mailto: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](mailto:ebrand@thedialogue.org)

**Gene Kuleta**

Editor  
[gkuleta@thedialogue.org](mailto:gkuleta@thedialogue.org)

**Anastasia Chacón González**

Reporter & Associate Editor  
[achacon@thedialogue.org](mailto:achacon@thedialogue.org)

**Diana Roy**

Editorial Intern  
[droy@thedialogue.org](mailto:droy@thedialogue.org)



**Michael Shifter**, President

**Rebecca Bill Chavez**, Nonresident Senior Fellow

**Bruno Binetti**, Nonresident Fellow

**Sergio Bitar**, Nonresident Senior Fellow

**Joan Caivano**, Senior Advisor

**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](http://www.thedialogue.org)

Subscription inquiries are welcomed at [ebrand@thedialogue.org](mailto: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.