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FEATURED Q&A

Will the Plight of Migrants Improve in the Coming Year?



Climate crises, organized violence and the Covid-19 pandemic have led migrants to flee their home countries this year. // File Photo: Mexican Government.

Q Inter-American Development Bank President Mauricio Claver-Carone and U.N. High Commissioner for Refugees Filippo Grandi signed a memorandum of understanding on Dec. 3 to address forced displacement in Latin America and the Caribbean. Migration throughout the region was especially marked in 2021, with events such as climate crises, organized violence and the Covid-19 pandemic exacerbating migratory flows in Central America and South America, as well as the Caribbean. What are the projections for migration in 2022, and what populations are most likely to leave their home countries? How likely is it that there will be a coordinated hemispheric policy effort for migration in Latin America in the Caribbean? What solutions are there to the drivers of forced migration, and how are the increasing rates of remittances in the region affecting these migratory flows?

A Manuel Orozco, director of the Migration, Remittances and Development program at the Inter-American Dialogue: "Latin American and Caribbean migration is likely to continue in 2022 in large numbers, though not as large as in 2021 (which reached at least two million people, 80 percent to the United States). People from fragile countries (Guatemala, El Salvador, Honduras, Nicaragua, Haiti, Cuba, Venezuela), as well as from Mexico, Bolivia and Ecuador will comprise the bulk of the outflow going to the United States, Chile, Brazil, Colombia, the Dominican Republic, Peru, Panama and Costa Rica. The primary factor is largely economic, conflated with other triggering issues largely associated with political stability or ineffective rule of law. The

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TODAY'S NEWS

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Rights Court Faults Previous Governments of Three Countries

The Inter-American Court of Human Rights faulted previous governments of Argentina, Guatemala and Ecuador, and said the countries should make reparations to people who were harmed by those governments' actions.

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Rio Tinto to Acquire Argentina Lithium Project for \$825 Million

Mining giant Rio Tinto has agreed to purchase a lithium project in Argentina from Rincon Mining for \$825 million.

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Ecuador to Lower Int'l Financial Transfers Tax

Ecuador's government will lower its tax levied on international financial transfers, President Guillermo Lasso announced.

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Lasso // File Photo: Ecuadorean Government.

POLITICAL NEWS

Rights Court Faults Past Governments of Three Countries

The Inter-American Court of Human Rights on Tuesday faulted previous governments of Argentina, Guatemala and Ecuador, and said those countries should make reparations to those who were harmed, Agence France-Presse reported. The Costa Rica-based court found Argentina's 1976-1983 military dictatorship guilty of the forced disappearance of a couple and the abduction of their children, found a right-wing Guatemalan government of the 1980s guilty of a massacre and said the more recent left-wing government of former Ecuadorean President Rafael Correa violated the rights of journalists, the Associated Press reported. In the Argentina case, the court said the country's military dictatorship abducted and hid the children of leftists who were believed to have been seized and killed during the Operation Condor campaigns of state repression and terror. The court said Argentina's government should pay reparations to the son and daughter of Mario Roger Julien Cáceres and Victoria Lucía Grisonas Andrijauskaite, saying Argentina unjustifiably delayed clarification of the circumstances surrounding the couple's disappearance, the AP reported. In the Guatemala case, the court said criminal investigations of a 1982 massacre that left at least 38 men, women and children dead in the village of Los Josefinos did not start until nearly 14 years after it happened, the AP reported. Villagers were killed by troops when the government had unleashed a scorched-earth campaign to destroy any support for left-wing rebels. The rights court said Guatemala's government should accelerate legal proceedings and build a monument in the locations where the massacre occurred. In the Ecuador case, the rights court found Correa's government guilty of violating the rights of journalist Emilio Palacio Urrutia and three executives of El Universo, the newspaper where he worked. The men were convicted, sentenced to prison time and fined for defaming Correa in

a 2011 article. Palacio later wound up fleeing Ecuador.

ECONOMIC NEWS

Ecuador to Lower Tax on International Financial Transfers

Ecuador's government will lower the tax levied on international financial transfers, President Guillermo Lasso announced Tuesday, Reuters reported. Exporters say the 5 percent capital exit tax Ecuador places on money being transferred out of the country raises their costs. Starting Jan. 1, the tax rate will be gradually lowered over the course of 2022, to be cut by a total of 1 percent by the end of next year. "We are going to reduce the capital exit tax by one point in 2022, through 0.25 percent [reductions] each quarter and beginning on Jan. 1," said Lasso, Reuters reported. "It's a tax on the entrance of capital that has done a lot of harm to Ecuador. For fiscal reasons we can't eliminate it in one go. We need to do it gradually so we don't impact public finances," he added. The tax has been key in helping Ecuador lower its fiscal deficit, which will reach \$4 billion by the end of the year, according to reports. The 5 percent exit tax raised a total of \$1 billion in 2020. In November, Lasso ordered the implementation of his tax reform plan that will raise \$1.9 billion over the next two years, partly by raising taxes on large companies, Reuters reported.

Brazil Pauses Efforts at Stricter Fintech Regulation

The Brazilian central bank has paused its efforts to more strictly regulate the country's fintech industry, withdrawing a Nov. 18 draft proposal with new rules that have the objective of leveling the playing field between traditional banks and fintechs, four unnamed sources told Reuters. The proposed changes would raise

NEWS BRIEFS

Boric Calls on Chileans to Back Constitutional Rewrite Project

President-elect Gabriel Boric on Tuesday called on Chileans to support the effort to rewrite the country's constitution, The Guardian reported. "We all need to put our best efforts into [the constitutional process], independent of our political differences," Boric said after meeting with the delegates who were elected last year to rewrite the charter. [Editor's note: See [Q&A](#) about Boric's election as Chile's president in Tuesday's issue of the Advisor.]

Argentina Reportedly Planning to Make \$1.9 Bn Payment Today to IMF

Argentina plans to make a \$1.9 billion payment to the International Monetary Fund today as it attempts to rework a failed 2018 loan deal, according to a source close to the government, Reuters reported. The money for the payment comes from the IMF's Special Drawing Rights (SDR) program, which is meant to help countries with the economic effects of Covid-19. In 2018, Argentina signed a \$57 billion standby lending deal with the IMF, and the nation is currently seeking to roll over the approximately \$45 billion it still owes.

U.S. Labor Dep't Provides \$10 Mn for Gender-Equity Efforts in Mexico

The U.S. Department of Labor announced Tuesday that it awarded Partners of the Americas a \$10 million cooperative agreement for a project with the objective of strengthening gender-equity efforts in Mexico and the reduction of workplace harassment and discrimination. This project, which the Bureau of International Labor Affairs is to administer, is part of gender-equity goals of the U.S.-Mexico-Canada Agreement, the Labor Department said.

the capital requirements for fintechs based on their size, transaction volume and risk-weighted assets. The Brazilian central bank has been supervising the fintech industry for almost a decade, placing regulations on firms, saying it wants to introduce more competition to the banking sector and change the trend of historically high lending rates in the country, Reuters reported. The regulations have led to substantial growth in Brazil's fintech industry, with Nubank taking the lead in the region. The Brazilian digital bank received a \$52 billion valuation in its first public offering in New York earlier this month. A possible complication of the central bank's new regulatory project is that there are a variety of fintechs, so basing criteria on financial volume or the size of a customer base may negatively affect some companies, Reuters reported. The president of fintech SumUp said the bank may "create barriers to entry and even make business unfeasible." [Editor's note: See related [Q&A](#) in the June 17-30 issue of the Dialogue's Financial Services Advisor.]

BUSINESS NEWS

Rio Tinto Acquiring Argentina Mining Project for \$825 Mn

Mining giant Rio Tinto has agreed to purchase a lithium project in Argentina for \$825 million, the company announced Tuesday. The acquisition of the Rincon Mining project comes at a time when lithium is seeing a surge in global demand, as the commodity is a key component in batteries for products ranging from electric cars to cell phones. The asset is a large undeveloped lithium brine project located in the so-called lithium triangle in Salta, northern Argentina, Rio Tinto said in a statement. "The Rincon project holds the potential to deliver a significant new supply of battery-grade lithium carbonate, to capture the opportunity offered by the rising demand driven by the global energy transition," Jakob Stausholm, CEO of the Anglo-Australian mining firm said. "It is expected to be a long life, low-cost asset that will

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slow economic performance in 2022 will be a result of the limited capacity of the region to absorb its labor force and possible inflation, making those in more fragile countries migrate and protest. Unfortunately, in the age of complex cooperation, the space for hemispheric policy coordination is at its lowest, and little or ineffective solutions will come in handy on migration issues. The region needs to tackle migration with a humanitarian lens (providing shelter, food and aid) accompanied with a strategy that incorporates migrants in a national economic recovery approach aimed at modernizing the informal economies through financial and fiscal integrity measures, as well as financial incentives in the digital space. These solutions can be tied to increasing financial access from family remittances (\$134 billion in 2021 with a 25 percent increase), which in 2022 will grow 7 percent, and more than 3 percent of the entire region's income. Tying remittances into the digital financial ecosystem will increase access to credit to informal businesses in many of those fragile countries. Finally, governments need to consider alternatives to temporary relief and think of Latin American migrants as part of regional integration efforts."

A Rachel Schmidtke, advocate for Latin America at Refugees International: "2021 marked a year of change in displacement trends in Latin America. While Venezuelans and Central Americans continued to flee their home countries in search of safety and opportunity, the movement of Haitians and extra-continental migrants became more and more prominent. In 2022, we will continue to see the devastating displacement that results from protracted crises like that of

continue to build the strength of our Battery Materials portfolio, with our combined lithium assets spanning the U.S., Europe and South America," he added. The extraction technology proposed for the Rincon project should yield

Venezuela—but we will also see that the movement of Haitians and extra-continental migrants will become another important facet for leaders in the region to consider when crafting policies around migration management and international protection. What the diverse movement of people throughout

“ In 2022, we will continue to see the devastating displacement that results from protracted crises like that of Venezuela...”

— Rachel Schmidtke

the region shows us is that a coordinated hemispheric policy makes very good sense. Venezuelan and Haitian migration are both examples of how a disjointed approach across the region can lead to inequality, discrimination and strain on countries that are more welcoming. Depending on the country, Venezuelans cannot access long-term regularization options or require cumbersome documents to transit from one country to the next. Haitians are even less likely to access regularization options, dignified work or protection in the region, especially depending on the country they are in. The result is that many displaced people in Latin America and the Caribbean work in informality and don't have access to essential integration services. Leaders throughout the region should strongly consider a regional strategy or compact that ensures true responsibility sharing so that people on the move in Latin America can access safety and opportunity and contribute to their host communities. The region will greatly benefit from it."

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significantly more lithium as compared to the conventional solar evaporation pond method, the firm said. Last July, Rio Tinto committed \$2.4 billion to acquiring a lithium project in Serbia, according to a Reuters report.

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A **Andrew Selee, president of the Migration Policy Institute:** “The biggest story from 2021 on migration in the Americas was the number of people from different countries who were on the move. The overall numbers in the hemisphere were probably down, at least from 2019, thanks to an overall drop in the exodus from Venezuela, although more migrants tried to get to the United States than in the past. But this past year saw Haitians, Guatemalans, Hondurans, Nicaraguans, Ecuadoreans, Brazilians, Colombians, Cubans and many others moving from one country to another, an expansion in the number of source countries. In 2022, we should expect more of the same, with Covid-19 and the global recession having shaken up economies, and the lure of jobs in economies that have recovered first, such as the United States and Spain. As the Summit of the Americas convenes in the United States in 2022, it’s a huge opportunity to address migration pressures and find common strategies that would help countries manage migration across the Americas in more predictable ways. At the top of this agenda is how to invest in the integration of those migrants who have already moved, such as Haitians in Brazil and Chile, Nicaraguans in Costa Rica, and Venezuelans in Colombia,

Ecuador and Peru, so that they don’t feel they have to move again. Close by is the need to create legal pathways to allow at least some people to move for seasonal work to other countries—taking pressure off irregular pathways and creating real lines

“There need to be discussions about to where and how people get returned, to avoid sending migrants back to fragile states...”

— Andrew Selee

for people who want to move legally. Finally, there need to be discussions about to where and how people get returned, to avoid sending migrants back to fragile states like Haiti, Nicaragua and Venezuela, and support reintegration efforts for all those returned to where they began. All of these should be on the table as the region’s countries plan to gather to take stock of the challenges in the region for 2022.”

The Advisor welcomes comments on its Q&A section. Readers can write editor Gene Kuleta at gkuleta@thedialogue.org.

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