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FEATURED Q&A

Will Covid Keep Upending Tourism in Latin America?



The World Health Organization has said blanket travel bans will not prevent the spread of the Omicron coronavirus variant. // File Photo: dimitrisvetsikas1969 via Pixabay.com.

Q As more countries rushed to impose travel restrictions as cases of the Omicron coronavirus variant were detected in Latin America, the World Health Organization warned last month that blanket travel bans will not prevent the spread of the variant. Are countries in the Americas taking the right approach to travel and health restrictions such as quarantines and proof of vaccination? How much will the tourism sector recover in the region, and what steps can officials take to help it recover more quickly? To what extent has the variant changed the outlook for tourism in Latin America and the Caribbean this year?

A Peter Cerda, regional vice president for the Americas at the International Air Transport Association (IATA): "After nearly two years of the Covid-19 pandemic, we know a lot about the virus and the inability of travel restrictions to control its spread. Unfortunately, the discovery of the Omicron variant caused governments to forget these lessons and react in knee-jerk fashion with border closures, quarantines and other travel restrictions. Public health officials tell us that we should expect variants to emerge. And by the time they are detected, experience shows that they are already present around the globe. For example, within days of Omicron's identification in South Africa, it was already present in at least 30 countries. The World Health Organization has said, 'Blanket travel bans will not prevent the international spread, and they place a heavy burden on lives and livelihoods.' Data confirms this. If we look at the United Kingdom, when travel restrictions

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TODAY'S NEWS

POLITICAL

Quinteros Elected to Lead Chile Constitutional Assembly

The assembly that is writing a new constitution for Chile elected María Elisa Quinteros, a dentist and researcher, as its leader. Quinteros was elected in the ninth round of voting after 15 hours of debate.

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BUSINESS

ExxonMobil Finds New Oil Off Guyana's Coast

ExxonMobil announced that it had found oil in two new locations in the Stabroek Block.

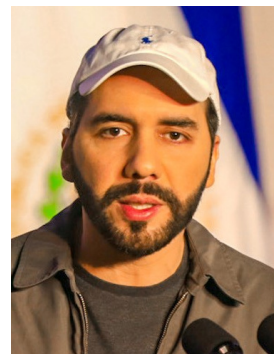
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ECONOMIC

Salvadoran Gov't Sending Bitcoin Legislation to Lawmakers

The government of Salvadoran President Nayib Bukele plans to send lawmakers some 20 pieces of legislation in order to provide a legal foundation for issuing bonds in Bitcoin.

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Bukele // File Photo: Salvadoran Government.

POLITICAL NEWS

Chile's Constitutional Assembly Elects Quinteros as Leader

The assembly that is writing a new constitution for Chile on Wednesday elected María Elisa Quinteros, a dentist and researcher, as its president, Bloomberg News reported. The Constitutional Assembly selected Quinteros in its ninth round of voting for the position, following more than 15 hours of debate, the news service reported. The move cements leadership by leftists on the assembly, which has a July 5 deadline to finish work on the new charter, which is to be put before Chilean voters in a referendum later this year. The new constitution, along with the incoming administration of President-elect Gabriel Boric, who takes office in March, will set the scene for major economic reforms in the South American country. The Constitutional Assembly is considering reforms to business-friendly rules in several industries, Bloomberg News reported. Investors, however, have expressed concerns about political uncertainty, saying it could weigh down the economy. Quinteros ran for the assembly's presidency with vows of focusing on human rights, respect for the environment and more recognition for Indigenous groups. In a vote last May for delegates to the assembly, some 70 percent of the seats went to left-leaning groups and independent candidates, most of whom would likely align with leftists. "Chile is experiencing an unprecedented process. For the first time in our history, the constitution will be written by women, Indigenous peoples and citizenry representatives, not by a political and economic male elite," Verónica Figueroa Huencho, associate professor at the Institute of Public Affairs at the University of Chile, told the Advisor in a [Q&A](#) published May 28. Quinteros was elected to head the assembly with the support of Chile's Communist Party and other left-wing groups. However, a different candidate had the support of members of Boric's Frente Amplio coalition, Bloomberg News reported. The nine rounds of voting that were needed to reach a

simple majority to place Quinteros in the post may spell difficulty for the assembly as each article would need the support of two-thirds of the members to be approved, center-right delegate Hernán Larraín Matte said after the vote. "Reaching 103 votes will be difficult," he told Bloomberg News. [Editor's note: See the Advisor's October 2020 video [interview](#) with former Chilean President Ricardo Lagos on the country's plans for the new constitution.]

ECONOMIC NEWS

Salvadoran Gov't Sending Lawmakers Bitcoin Legislation

The government of Salvadoran President Nayib Bukele plans to send the country's Legislative Assembly some 20 bills relating to financial markets and securities investments in order to provide a legal foundation for issuing bonds in Bitcoin, Reuters reported Tuesday, citing Finance Minister Alejandro Zelaya. Bukele's administration is drafting the legislation in order to establish a framework to cover market regulations and the issuance of securities in cryptocurrency, the wire service reported. The plans follow the Central American country's announcement last November that it will issue Bitcoin bonds, Reuters reported. "[This is] to provide a legal structure and legal certainty to everyone who buys the Bitcoin bond," Zelaya told a local television station in an interview. Zelaya did not specify when Bukele's government would submit the bills to the Legislative Assembly. The government has said its first Bitcoin bond issue would occur this year. Officials plan for it to be worth \$1 billion, with the bonds carrying a coupon of 6.5 percent. The bond issuance is intended to support Bukele's plan to create a "Bitcoin city." Bukele announced the plans for the city last November. He said the city would be built at the base of a Conchagua volcano in the southeastern region of La Unión, BBC News reported. Geothermal energy from the volcano would be used for Bitcoin mining, Bukele has said. Half of the

NEWS BRIEFS

Cuba Tightens Border Controls in Effort to Stem Surge in Covid Cases

The Cuban government tightened border controls on Wednesday in an effort to control the increase of Covid-19 infections in the country, Reuters reported. Visitors are now required to show proof of vaccination as well as a negative PCR test within 72 hours of their arrival. Previously, Cuba had only required most travelers to show their proof of vaccination.

Posco to Invest \$830 Mn in Argentina Lithium Project

KwangBok Kim, the CEO of Posco Argentina, announced an \$830 million investment in the company's Sal de Oro lithium project following a meeting with Argentine cabinet chief Juan Manzur on Wednesday, MercoPress reported. Based in Salar del Hombre Muerto, an area on the border between the Catamarca and Salta provinces, this project "will significantly generate jobs and resources for Argentina," KwangBok Kim said. Manzur added in a Twitter posting that this project will be conducted under Argentina's environmental standards, and that it will strengthen the country's economic recovery, MercoPress reported.

Mexico's Attorney General Seeks to Sentence Ex-Pemex Head to 39 Years

Mexico's attorney general is seeking a prison sentence of up to 39 years for the former head of state oil company Pemex, Emilio Lozoya, for his role in a corruption scandal, Reuters reported Wednesday, citing judicial sources. Lozoya, who led Pemex between 2012 and 2016, stands accused of requesting money from Brazilian construction conglomerate Odebrecht to help finance the presidential campaign of former President Enrique Peña Nieto in exchange for contracts. He has pleaded not guilty to the charges.

money raised would be used to construct infrastructure, while the remainder would be used to buy Bitcoin, from which the government hopes to profit, Reuters reported. Last September, El Salvador became the first country in the world to adopt Bitcoin as a legal tender, alongside the U.S. dollar. [Editor's note: See related [Q&A](#) in the June 15, 2021 issue of the Advisor.]

BUSINESS NEWS

ExxonMobil Finds Oil in Two New Places Off Guyana's Coast

U.S. oil producer ExxonMobil on Wednesday announced two new oil discoveries in the Stabroek Block off the coast of Guyana, Reuters reported. The discoveries were made at the Fangtooth-1 and Lau Lau-1 wells, but Exxon has not yet provided volume estimates. According to the largest U.S. oil producer, these discoveries are in an area where officials believe they can extract at least 10 billion barrels of oil and gas, the Associated Press reported. Guyana

Officials hope to extract 10 billion barrels of oil and gas in the wider area.

gave Exxon its first oil and gas license in the country in 2017, and estimates show that the deal is projected to generate as much as \$5 billion a year for Guyana, one of the world's newest major oil-producing countries, AP reported. Exxon has been leading a consortium of oil companies generating Guyana's oil output, with a 45 percent stake in the Stabroek Block, Reuters reported. U.S.-based Hess and China's CNOOC also have stakes in the 6.6-million-acre coastal region. Last month, Exxon presented investments for a new onshore supply base in Guyana amid government calls for the oil industry to provide economic benefits to residents of the country. According to Exxon, the plan will expand jobs and boost local fabrication in Guyana, Reuters reported.

LEGAL BRIEFS

Hogan Lovells Hires Puttré From Jones Day

Hogan Lovells has hired Richard Puttré as a partner for its corporate and finance practice group in Miami, Reuters reported Monday. The law firm hired Puttré away from Jones Day, where he spent 21 years, according to his LinkedIn page. At Jones Day, Puttré had led the global projects and infrastructure practice and worked on matters involving renewable energy, including projects in the areas of wind and solar energy, as well as conventional power projects, Reuters reported, citing his Jones Day bio.



Puttré // File Photo: LinkedIn.

Puttré also worked with clients in Latin America and helped Jones Day open an office in Mexico City, according to Hogan Lovells. Puttré's new firm said he will be working on projects involving cross-border project finance, the wire service reported. The transition to renewable energy has led to "a new wave of projects" in both the United States and Latin America, Jorge Diaz-Silveira, the office managing partner at Hogan Lovells in Miami, said in a statement.

Baker Botts Hires Barajas for Global Projects Dep't

Baker Botts announced Monday that it has hired attorney Dino Barajas for its global projects department. Barajas will serve as co-chair of the firm's project finance practice group. His practice will focus on domestic and international project development and finance, with an emphasis on infrastructure projects, debt financings and mergers and acquisitions, Baker Botts said in a statement, adding that he has extensive experience in Mexico and in other parts of Latin America. Barajas was hired from DLA Piper, where he was co-head of the firm's Latin America practice and co-head of U.S. infrastructure and projects, according to his LinkedIn profile. Barajas had spent nearly two years at DLA Piper but before that spent nearly a decade at Akin Gump Strauss Hauer & Feld. He also previously worked for Morgan, Lewis and Bockius and for Paul Hastings, according to his LinkedIn profile. "Dino will further strengthen our project finance and renewables teams and also expand our offerings in California, Mexico and other Latin American countries," Baker Botts managing partner John Martin said in a statement.

Littler Opens Third Office in Mexico

Employment and labor-law firm Littler announced Dec. 21 that it has opened an office in the Mexican city of Saltillo in Coahuila state. The office is the law firm's third in Mexico. "Mexico continues to be an important market for the firm. I'm proud of our successes there over the last 10 years and look forward to our continued growth trajectory with the expansion of our local footprint," Erin Weber, the firm's managing director and president, said in a statement. Littler associates Luis Héctor Cortés Salazar and Rogelio Alanis Robles will split their time between the new office and an existing office in Monterrey, the firm said.

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were introduced in May 2020, there had been 254,000 infections recorded. Recent figures showed 10.6 million infections, so clearly, travel restrictions were ineffective. If we look across Latin America, it is very difficult to show that countries that introduced restrictions fared better than countries that did not. Meanwhile the economic damage caused by such measures is very evident. After all, in pre-Covid times, air transport supported 7.6 million jobs and \$187 billion of GDP in Latin America and the Caribbean. By the end of this year, it is estimated that 3.3 million jobs and \$83 billion in GDP supported by aviation will have vanished. When governments finally learn this lesson, we will see a full resumption of the global connectivity that is crucial to sustaining jobs and economies in the region."

A Ricardo Izurieta, professor at the College of Public Health at the University of South Florida: "Omicron, a descendant of the Beta SARS-CoV-2 variant, is sending a clear message that the pandemic is not yet over in the world nor in Latin America. As a field epidemiologist, I want to clarify that travel restrictions do not aim to stop the spread of the microorganism, but rather to slow its spread. The tourism sector has been one of the most economically affected in Latin America, and I hope it understands the need to support public health programs as the tourism sector does in the United States. One of the examples is the Walt Disney Company, which makes massive financial investments in government programs to control vector-borne and other transmissible diseases. Although the tourism sector in Latin America has benefited from the eradication of yellow fever, measles, rubella, cholera, onchocerciasis, plague and polio, as well as from the control of malaria and leishmaniasis among other diseases, it has never invested enough in public health programs. There are dozens of other zoonotic

pathogens getting ready to jump into human hosts, and it is time for the private sector to invest in the combat of the coming plagues."

A Danny Callaghan, CEO of the Latin American Travel Association: "Several weeks ago, it looked like tourism to Latin America was finally on the right track for a decent volume of travelers in 2022. However, the Omicron variant has certainly given us an unpleasant shock. It's too early to say with any certainty what the implications of Omicron for tourism are, but we've seen countries around the world react by imposing travel restrictions, and this has damaged confidence of the travel trade and consumers. However, yet again, the confidence concerns are not so much about the risks of catching Covid, but rather of being stuck abroad due to restrictions changing. What we have seen, and I hope governments have learned, is that there is no way to stop these infections. The original variant, then Delta and now Omicron have proven that travel restrictions make no difference, so I'm hopeful that this is a lesson that will be learned. I still believe that the biggest challenges for the restart of tourism are the ones that we've been facing all along: countries having differing approaches to vaccination requirements for entry; difficulty for tourists crossing land borders; and reduced air routes operating. These are the key challenges, and we must not let them slip because we're distracted by Omicron. The outlook for tourism to Latin America is still, I believe, very good. With its wide-open spaces, its high vaccination rates compared to other touristic parts of the world and a real understanding of the importance of tourism, I'm confident that 2022 can still be the restart that we've all been hoping for."

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

LATIN AMERICA ADVISOR

is published every business day by the Inter-American Dialogue ISSN 2163-7962

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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

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