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FEATURED Q&A

How Well Is Latin America Dealing With Plastic Waste?



Latin America reportedly receives tens of thousands of metric tons of plastic waste from the United States. // File Photo: OCG Saving The Ocean via Unsplash.com.

Q Environmental organizations in Latin America have called for the reduction of plastic waste exports from the United States. The country exported more than 29,000 metric tons of plastic waste to Mexico between January and August 2020, according to research carried out by California-based environmental advocacy group Last Beach Cleanup. While Mexico receives 75 percent of U.S. plastic waste exports, thousands of metric tons are also sent to other countries in the region, including El Salvador and Ecuador, the group said. How detrimental to Latin American countries is the increase in homegrown and imported plastic waste, and how are countries dealing with it? How strong are plastic recycling efforts in Latin America, and what challenges do they face? Should the companies that produce single-use plastics be doing more in order to reduce plastic waste, and if so, what?

A Santiago López, executive director of the Latin American regional group of the International Council of Beverages Associations: "The production and consumption matrix in Latin America and the Caribbean has traditionally been based on extraction, production, consumption and disposal. This pattern has led regions with low or medium income, such as Latin America and the Caribbean, to have considerably lower recycling rates than those with better income rates and access to better technology. According to the Inter-American Development Bank, in our region, we recycle just 5 percent of the 230 million tons of municipal waste generated each year. However, most developed countries and Latin America are shifting to a

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TODAY'S NEWS

ECONOMIC

Colombian Court Allows Fracking Pilot Projects to Proceed

A Colombian judge ruled that pilot hydraulic fracturing, or fracking, projects can proceed. The ruling reversed the decision of a lower court to halt the projects.

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BUSINESS

Tenaris to Pay \$78 Million in Fines to U.S. Over Brazil Allegations

Steel pipe manufacturer Tenaris said Thursday that it has agreed to pay \$78 million to U.S. authorities to settle a bribery case related to its unit in Brazil.

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POLITICAL

U.S. Authorities Extradite Former Mexican Governor

The United States on Thursday extradited César Duarte, a former governor of Chihuahua state, to Mexico where he faces corruption charges dating from his time in office.

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Duarte // File Photo: Mexican Government.

POLITICAL NEWS

U.S. Extradites Ex-Governor to Mexico to Face Charges

The United States on Thursday extradited César Duarte, a former governor of Mexico's Chihuahua state back to Mexico to face graft charges related to his time in office, the Associated Press reported. Duarte, who was governor from 2010 to 2016, is accused of embezzling nearly \$5 million in state money, the wire service reported. Duarte's lawyers call the charges politically motivated. He reportedly fled Mexico, crossing into El Paso, Tex., in 2017 after Mexican authorities launched a corruption investigation against him, the El Paso Times reported. The following year, state officials in Chihuahua began a new investigation of Duarte and dozens of people who served in his administration in connection with the possible diversion of some \$320 million in government money in 2016, the AP reported. Mexico requested Duarte's extradition in 2019, and the former governor unsuccessfully sought asylum in the United States before he was arrested in Miami in July 2020. A member of the Institutional Revolutionary Party, Duarte was expected to be flown to Mexico City late Thursday, El Universal reported. Mexico's attorney general's office confirmed Thursday that the United States had turned Duarte over to Mexican authorities, though it identified him only as "César D," in line with the policy of the attorney general's office, the El Paso Times reported.

ECONOMIC NEWS

Colombian Court Rules Fracking Projects Can Proceed

A Santander province court in Colombia on Thursday reversed a lower court's decision to

bar two investigative fracking pilot projects, Reuters reported. While Colombia does not allow for commercial development of nonconventional energy deposits, the court ruled that the two pilot projects can carry on with their operations while it continues to consider the issue. Ecopetrol, the Andean country's state oil company, is acting as the projects' operator, and United States-based ExxonMobil is also involved in the projects. In the decision that was overturned, Judge Blanca Martínez had ruled that the projects did not properly consult local communities, Reuters reported in April. On Thursday, however, the higher Administrative Court of Santander said in a statement that the April 21 ruling "is hereby revoked and the request for legal protection is ruled inadmissible," the wire service reported. In a statement released via Twitter by the Colombia Free from Fracking Alliance, the group called on presidential candidates Gustavo Petro and Rodolfo Hernández, who will be facing off in a runoff election on June 19, to make a commitment to "suspend fracking pilots as one of their first demonstrations of their commitment with water in Santander and Colombia, the environment and future generations in the current context of the climate crisis."

Mexico Sees 17% Rise in Remittances for Year Through April

Mexico received \$17.2 billion in remittances from citizens abroad in the first four-month period of 2022, a 17.57 percent increase as compared to the same period in 2021, the Mexican central bank, or Banxico, announced on Wednesday, EFE reported. The central bank also said the average individual remittance transfer was \$383, which was \$22 higher than the average in the January-to-April period in 2021. The steady increase in remittances for Mexico is in line with a trend that began in March 2020, at the beginning of the Covid-19 pandemic, EFE reported. The upward trend of remittances is attributable to the employment and work of Mexican migrants, most of whom work in the United States and send money back

NEWS BRIEFS

Amnesty International Accuses El Salvador of 'Massive' Rights Violations

El Salvador's government has committed "massive human rights violations" during the Bukele administration's state of emergency security crackdown, which has resulted in the incarceration of approximately 2 percent of Salvadoran adults, Amnesty International said in a report released Thursday. Erika Guevara-Rosas, the group's Americas director, said that "On the pretext of punishing gangs, the Salvadoran authorities are committing wide-spread and flagrant violations of human rights and criminalizing people living in poverty."

Paris Club Seeks to Conclude Debt Talks With Argentina Within Weeks

The Paris Club said Thursday that it is hoping to conclude talks with Argentina on the renegotiation of \$2 billion in debt that the country owes the group of creditor nations within weeks, Reuters reported. The Paris Club last year gave Argentina more time to pay the debt as it was also renegotiating debt with the International Monetary Fund.

Guyana May Hold Billions More Barrels of Oil & Gas: Hess Corp. CEO

New deep-sea oil discoveries in Guyana's seabed have the potential to add billions of barrels of oil to the world's largest oil discovery in two decades, John Hess, the CEO of New York-based Hess Corp., said in a webcast on Thursday, Reuters reported. Hess Corp. has a 30 percent stake in a consortium led by ExxonMobil that has discovered 11 billion barrels of oil and gas in Guyana. In addition to the oil and gas that has been found so far, there are "multi-billion barrels remaining," said Hess, who added that his company is "starting to find other attractive deep prospects."

to their families, El País reported. Mexican President Andrés Manuel López Obrador has referred to these Mexicans in the exterior as “heroes” for their contributions to the country’s economy, EFE reported. Iván Arias, the director of economic research at Citibanamex, told the Dialogue’s biweekly Financial Services Advisor in a Q&A published last August that remittances “will continue to be an important and rising complement to Mexican households’ income.” He added that “it would be desirable for Mexico to rely more on sustainable domestic sources of wealth.”

BUSINESS NEWS

Tenaris to Pay \$78 Mn in Fines to U.S. Over Brazil Allegations

Luxembourg-based steel pipe manufacturer Tenaris said Thursday that will pay \$78.1 million in fines to the United States to resolve a case over its alleged payment of bribes to secure business from Brazilian state oil company Petrobras, Reuters reported. The company, which is settling the case without admitting or denying wrongdoing, will pay a civil fine of \$25 million and \$53.1 million in disgorgement and interest, the wire service reported. The U.S. Department of Justice has also closed a related investigation without taking any action, Tenaris said. In the case that Tenaris is settling, the U.S. Securities and Exchange Commission accused the company of violating the Foreign Corrupt Practices Act, an anti-bribery law, through an alleged scheme involving employees of Confab Industrial, its unit in Brazil, Reuters reported. The Securities and Exchange Commission alleged that Confab secured more than \$1 billion worth of contracts from Petrobras between 2008 and 2013 at the same time that \$10.4 million in bribes were paid to a Brazilian government official on the company’s behalf. The Brazilian official purportedly spent some of the money on artwork and real estate, according to the SEC. The SEC also alleged that the government official re-

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circular economy model. The practice of regeneration, redesign, reuse and recycling is becoming central. Mexico is an example of circularity focused on recycling, as it operates the largest food-grade ‘PET’ recycling facility in the world. This effort has resulted in the recovery and recycling of seven out of 10 plastic bottles sold in the market. Although we have seen great improvements, challenges remain in each of the recycling phases, and more action is needed. We must accelerate education efforts to improve

“The practice of regeneration, redesign, reuse and recycling is becoming central.”

— Santiago López

waste segregation at the source. The next great challenge is to promote the formalization and improvement of living conditions of informal recyclers (or wastepickers), who are real heroes. We must promote an inclusive model by adopting policies to improve wastepickers’ access to housing, microcredit, financing, training and health services. Moreover, incentives for investments in transformation plants and collection areas are needed in order to have higher collection rates, better material quality and an increase in the plastic recycled used to make new bottles. Also, the patchwork of unharmonized plastic regulations around the world is not only ineffective at addressing the problem, but it also makes it challenging for businesses to plan effective longer-term responses. Meaningful change can be achieved through

cruited an associate in an effort to conceal the bribes, The Wall Street Journal reported. The associate allegedly deposited bribe money in a bank account in Uruguay and also established a shell company there, the newspaper reported. In the case, Tenaris lacked adequate controls to prevent bribery despite “known corruption

evidence-based policy measures that are part of a predictable legislative pipeline. Accordingly, we join the call to action for an ambitious, well-designed U.N. treaty based on a circular economy approach to address plastic pollution on a global scale.”

A Diana Barrowclough, senior economist at the United Nations Conference on Trade and Development (UNCTAD):

“While the calls to reduce plastic waste exports to Latin America are encouraging in the fight against plastic pollution, the issue is complex, and we need to keep sight of the bigger picture. Virtually all plastic produced eventually ends up as waste; meaning that officially traded waste imports and exports are the tip of the iceberg—less than 2 percent of the recorded total world trade in plastic. Moreover, Latin America currently exports at least five times as much plastic waste as it receives, even as both imports and exports have decreased, according to the latest global trade data from the UNCTAD plastic life-cycle trade database. This is not to undermine efforts by environmental organizations in Latin America, and elsewhere, to reduce plastic waste trade. Indeed, this is an important example of the many different actions being taken to address plastic pollution, including improving plastic recycling, investing in better waste treatment systems, bans on certain plastic imports, creating material substitutes to plastic and most recently the start of negotiations for a global treaty to end plastic pollution by 2024. These efforts are all welcome. At the same time, the bigger ambition is to make less plastic in the first place—especially single-use plastics

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risks” in Brazil, the SEC said, Reuters reported. As part of its agreement with the SEC, Tenaris must periodically report on its anti-corruption efforts to the agency. Tenaris said in a statement that it notified authorities in the United States about the case in 2016 and has fully cooperated with investigators.

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and other forms, for which less-problematic substitutes exist. Plastic packaging and synthetic clothing account for billions of dollars and tons of waste and create some of the most troubling forms of pollution. The size of these markets are attracting investment in material substitutes, and UNCTAD is helping countries finance and promote production and trade in such 'sunrise' alternatives."

A **Manuel Albaladejo, Southern Cone representative, and Paula Mirazo, economic transformation and industrialization research assistant, at the United Nations Industrial Development Organization (UNIDO):** "Thinking about a total substitution of plastics is invariable, but there is no denying that restructuring the current linear production and consumption model for this sector is crucial. Latin America and the Caribbean (LAC) generated 28.8 million metric tons of plastic waste in 2020, making it the 4th largest component by mass in the region's municipal waste streams, according to the Inter-American Development Bank. Concerning trade, plastic waste tends to travel from developed to developing countries with more lax regulations and often with insufficient processing capacities. At a 4.5 percent average recycling rate, LAC is the region with the lowest overall recycling

rate. Regarding plastics, recycling rates are especially low due to minimal profit margins, cheap virgin products and the loss of quality resulting from the recycling process. Though increasing recycling rates is important, addressing the core issue involves decreasing overall plastic production and consumption. To this end, the circular economy can play a key role. Circularity represents a radically different model by eliminating waste and pollution, keeping products and materials in use and regenerating natural systems. While there is growing awareness around considering waste as a resource, the lack of technological, human and institutional capacities hinders this opportunity. In the right conditions, trade in waste for valorization can generate jobs, provide additional income streams and promote the domestic production of secondary raw materials. The 2019 Chilean Plastics Pact, which brings together businesses, governments and NGOs with the common objective of achieving circularity in the sector, can pave the way for other countries to do the same. A transition to circularity is possible, but achieving it will require concerted efforts from the public and private sectors and civil society."

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