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## FEATURED Q&A

# How Much Is Caribbean Tourism Bouncing Back?



Tourism to the Caribbean soared more than 50 percent last year as compared to 2021, according to the Caribbean Tourism organization. // File Photo: Saint Lucia Tourism Authority.

**Q** Tourism to the Caribbean soared last year as 28 million people visited the region, a jump of more than 50 percent as compared to 2021, the Caribbean Tourism Organization announced March 7. The number of visitors to some Dutch and U.S. territories in the Caribbean even surpassed arrivals from before the Covid-19 pandemic. What are the main reasons behind the strong rebound of tourism in the Caribbean? How damaging was the fall in tourism during the pandemic, and how important is the bounce-back for the region's economies? How likely are the current tourism levels in the Caribbean to be sustained, and grow, in coming years?

**A** Andrea M. Ewart, CEO of DevelopTradeLaw: "With the Caribbean being the most tourism-dependent region in the world, it is not surprising that it was also the region that experienced the most significant drop in travel and tourism revenues in 2020. By mid-2021, however, Caribbean destinations shared in the worldwide tourism industry rebound. According to U.N. World Tourism Organization (UNWTO) data, the significant jump in 2022 tourist arrivals to the Caribbean can be primarily attributed to the rebound in four locations—the U.S. Virgin Islands, St. Maarten, the Dominican Republic and Curaçao. In all four, tourist arrival numbers exceeded pre-pandemic levels. In fact, these destinations remained popular even during the pandemic. One-third of the remaining destinations have recovered at least 80 percent of their pre-pandemic arrivals. This recovery speaks to the popularity of Caribbean destinations—in particular among Americans—and to geography. This recovery is also very important to the Caribbean economies in the short

Continued on page 3

## TODAY'S NEWS

### BUSINESS

## Former Citgo Executive Sues Over Detention in Venezuela

Tomeo Vadell, a retired Citgo executive who was detained for nearly five years in Venezuela before being released last October, sued the company, alleging it conspired in his detention.

Page 2

### ECONOMIC

## Colombia's Petro Sends Congress Pension Reform

Colombian President Gustavo Petro on Wednesday sent lawmakers a measure to reform the country's pension system.

Page 3

### POLITICAL

## Number of Displaced Soars in Colombia: ICRC

Clashes among armed groups in Colombia has led to a soaring number of displaced people, Lorenzo Caraffi of the International Committee of the Red Cross said Wednesday in presenting a report from the organization.

Page 2



Caraffi // File Photo: International Committee of the Red Cross.

## POLITICAL NEWS

## Number of Displaced People Soars in Colombia: Red Cross


Clashes among armed groups fighting for control of rural areas in Colombia has led the number of internally displaced people to soar last year in the South American country, the International Committee of the Red Cross said Wednesday, the Associated Press reported. Confrontations between Colombia's army and rebel groups declined last year, but fighting among rebels has continued to take a heavy toll on the population, the organization said. More than 123,000 people were forced to flee their homes last year, a 60 percent increase as compared to 2021, the Red Cross said in a report. Additionally, some 39,000 people were confined in their villages for periods of days or weeks because of threats posed by armed groups, the organization added. "Unfortunately, the deterioration of the humanitarian situation continued in a large part of the country during 2022," Lorenzo Caraffi, the head of the organization's delegation in Colombia, told reporters, according to Reuters. "It's a particularly complex context, of reconfiguration of armed actors, of struggle for territorial control, the social control that [armed] actors exercise against the civilian population, which finds itself in a particularly difficult situation," he added. At least 450,000 people have been killed and millions have been displaced during Colombia's decades-long armed conflict. There are currently seven fronts in the conflict in Colombia, according to the ICRC, Reuters reported. The number of people injured by landmines also rose last year, the organization added. Caraffi said that a cease-fire between the government and some armed groups had calmed the situation in some areas, but he also called on armed groups to allow access to humanitarian groups in conflict zones. Caraffi added that the current state of the conflict in Colombia "is not comparable" to what the country saw two decades ago when rebel groups regularly attacked police stations in

small towns and regularly carried out bombings and kidnappings in large cities such as Bogotá and Medellín, the Associated Press reported. [Editor's note: See related [Q&A](#) in the Feb. 6 issue of the Advisor.]

## BUSINESS NEWS

## Former Executive Sues Citgo Over Venezuela Detention

A retired Citgo executive who was detained in Venezuela for almost five years is suing the company for \$100 million, the Associated Press reported Wednesday. Tomeu Vadell is alleging that the company conspired in his

 **We suffered a lot and continue to suffer.**  
— Tomeu Vadell

detention, and then abandoned him in the South American country over a crime he did not commit. Vadell was one of six executives at Houston-based Citgo who attended a meeting with its parent company, Venezuelan state-owned company PDVSA, in 2017 shortly before Thanksgiving. They were hauled out of the conference room by masked security guards. A Venezuelan judge proceeded to convict the six executives of embezzlement and sentenced them to eight to 13 years in prison. The trial of what became known as the Citgo 6 was marred with delays and irregularities, and Vadell's lawyers allege the executives were used as "political pawns." One of the men was freed last March and the remaining five were released in October as part of a prisoner swap. U.S. officials have accused Venezuelan President Nicolás Maduro of using the detainees to extract concessions. "We suffered a lot and continue to suffer," Vadell said in a statement about himself and his family. Citgo denies Vadell's allegations. "The Citgo 6 were our senior-most executives, and neither they nor

## NEWS BRIEFS

## Panama Reports Jump in Number of Migrants Crossing Darién Gap

Panama's government said Wednesday that the number of migrants attempting to cross the dangerous Darién Gap, which links it to Colombia, soared by five times in the first two months of this year as compared to the same period last year, the Associated Press reported. In January and February of this year, approximately 50,000 migrants crossed the area, the government said.

## Honduran Foreign Minister Travels to China

Honduran Foreign Minister Eduardo Enrique Reina traveled Wednesday to China to "promote efforts for the establishment of diplomatic relations," said President Xiomara Castro's press secretary, Ivis Alvarado, Reuters reported. Honduras' move to switch recognition to China led Taiwanese Foreign Minister Joseph Wu to say today that the island sees obvious Chinese involvement in Honduras' decision to sever relations with Taiwan. Honduras has denied claims that it sought \$2.5 billion in aid from Taiwan ahead of its announcement to seek relations with China.

## Chile Will Require New Lithium Projects to Use Water-Saving Technique

Chile's government will require new lithium projects to draw on a seldom-used production technique in order to save water, Mining Minister Marcela Hernando said Wednesday during a presentation, Bloomberg News reported. The requirement may inhibit the extraction of the mineral, crucial to the production of electric-vehicle batteries, at a time of growing demand. Chile is the world's second-largest lithium supplier. "For us, any future development has to be done with direct extraction," Minister Hernando said.

Citgo, the company they led, are responsible for the arbitrary acts of Maduro's repressive regime," the company said in a statement.

## ECONOMIC NEWS

# Colombia's Petro Sends Lawmakers Pension Reform Bill

Colombian President Gustavo Petro on Wednesday sent lawmakers legislation to reform the country's pension system, Reuters reported. Petro said the changes would expand benefits to more people, but some banking analysts say the measure could threaten public finances and pose risks to capital markets. "It is time for a reform if we want to make [the pension system] sustainable," Petro told the



Petro sent the pension reform bill to Congress on Wednesday. // Photo: Colombian Government.

Senate, saying the current system struggles to make its monthly payments, Reuters reported. "This isn't about annulling markets ... it's about again building the thesis that without the state it is not possible to guarantee rights," Petro added. Only a quarter of Colombians have enough working weeks in formal jobs in order to secure a pension, the government has said. Under the legislation, workers earning up to three times the minimum wage, or approximately \$724 per month, would have to pay contributions to state pension fund *Colpensiones*. Workers earning more than that amount would be able to pay excess amounts to a private fund, and those earning more than four times the minimum wage would be required to contribute payments to a so-called "solidarity fund."

## FEATURED Q&A / Continued from page 1

term, with governments able to reclaim the revenue brought in by taxes on cruise lines and airport arrivals. Tourism contributed 13.9 percent to the region's GDP in 2019. However, in the longer term, structural weaknesses continue to undermine countries' abilities to fully capitalize on tourism. These weaknesses include the limited linkages to sectors in the local economy and heavy reliance on imported foods, weak intraregional connectivity, an underdeveloped work force and a need for product diversification. The fact that no Caribbean destination made the UNWTO's list of top destinations based on receipts from tourism underscores the importance of these reforms to the long-term resilience of these economies."

**A** **Anton Edmunds, former ambassador of Saint Lucia to the United States and the Organization of American States:** "The numbers are not evidence of a trend and should not give anyone the impression that all is well. While a pent-up desire to travel is seen to have been the primary contributor to the rise of visitors to the region, inflation, interest rates, tech job losses already outpacing 2022 and fear of additional fallout in the financial services sector could result in a tightening of purse strings and stunt travel in 2023 and beyond. Debt incurred during the pandemic still must be serviced, and the necessary investment in infrastructure that undergirds the industry (ports, roads and new hospitality offerings) has lagged. Probably more important than the number of visitors is the spending level, as this is the foreign exchange needed by so many to address the above listed issues important to keep people coming back. To be carefully analyzed is whether there was any discounting of hotels and services that could have influenced travel and if so, the sustainability of such practices. Fundamentally, while 'brand Caribbean' has proven to be remarkably resilient, shocks to the region's economies because of the pandemic and a shuttered in-

dustry were very deep. Some attribute rising crime, which is anathema and a threat to the industry, as a case in point of the impact of job losses and low investment by governments in community and policing programs as part of the hangover. The region remains vulnerable to a wide number of threats that can scuttle economic growth—the upcoming hurricane season being but one. Government and industry will be hard pressed but best served to focus on efficiency, quality of product, infrastructure resilience and industry competitiveness, versus allowing themselves to become complacent based on a single metric."

**A** **Peter Cerda, regional vice president of the Americas at the International Air Transport Association (IATA):** "Tour-

ism has historically been a driver of the economic wellbeing and development of the Caribbean. Hence, many governments in the region quickly implemented protocols that allowed for the early resumption of travel during the Covid-19 pandemic. The region thus posted one of the strongest recoveries, with airlines both from Europe and the Americas adding new routes. In fact, travel and tourism in the region in 2021 experienced the second-fastest recovery of all regions with its GDP contribution growing by 36.6 percent. On a global scale, the economic contribution only expanded by 21.7 percent. With travel restrictions having been lifted in most parts of the world, travelers now again have a wide selection of global destinations to choose from. It is therefore essential that governments across the Caribbean monitor their competitiveness, both in terms of price and offerings. The continued lack of intraconnectivity across the Caribbean poses a challenge in offering multideestination experiences, something which is sought after by many travelers. Moreover, policies governing taxes, fees and charges should enable the necessary income generation, while keeping the region price competitive.

Continued on page 4

## FEATURED Q&amp;A / Continued from page 3

As disposable incomes remain exposed to economic pressures, the overall value-for-money proposition will increasingly become a decision-making factor. Furthermore, bringing regulatory requirements up to global standards needs to continue so the passenger experience is in line with the expectations of today's travelers. In today's digital age, no one wants to fill out paper immigration forms. The Caribbean has all the ingredients to continue to thrive as a tourist destination, but those in charge must not become complacent and rely on past successes."

**A** **Wendy McDonald, regional vice president for Caribbean government relations at Royal Caribbean Group:** Last June marked our full return to service, bringing 64 ships back online in just one year's time. People continue to have a strong desire to cruise, prioritizing spending their vacation time with us, which saw two of our brands setting multiple record booking days in 2022. I would credit two years of pent-up travel demand as playing an enormous role in the rapid increase in travel post-pandemic to the Caribbean. As for most businesses during the pandemic, the loss was unprecedented, with the travel and tourism industry affected most severely. In the cruise

industry, it affected employees shoreside as well as shipboard, travel partners and the Caribbean region. This bounce-back we are witnessing is critical for the Caribbean as the travel and tourism industry is a vital and significant contributor to the region's economies. According to the Caribbean Tourism Organization, the Caribbean welcomed 19.2 million cruise visitors last year, five times more than in 2021, indicating a strong return to the Caribbean and sea travel. Royal Caribbean Group has 10 ships on order, and this year we will take delivery of three new ships across our brands, two of which will sail the beautiful waters of the Caribbean, bringing more cruise guests to their destinations. As we move forward into the resurgence of the cruise industry this year, we intend to continue to partner with the destinations we visit to support growth in the tourism sector. We are excited to continue to welcome our newest ships to the Caribbean this year. Celebrity Beyond and Wonder of the Seas are spending their winter season in the Caribbean. Celebrity Ascent will begin sailing in the Caribbean at the end of the year, and Icon of the Seas will set sail early 2024."

*The Advisor welcomes comments on its Q&A section. Readers can write editor Gene Kuleta.*

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