

BOARD OF ADVISORS

Diego Arria
Director, Columbus Group

Devry Boughner Vorwerk
CEO, DevryBV Sustainable Strategies

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

Barbara Kotschwar
Executive Director, Visa Economic
Empowerment Institute

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

When Will Travel in the Americas Return to Normal?



The United States and Mexico are among the countries that have continued border restrictions amid the Covid-19 pandemic. // File Photo: Mexican Government.

Q The administration of U.S. President Joe Biden said July 21 that it is extending restrictions on nonessential travel across the country's borders with Canada and Mexico until Aug. 21. Days earlier, Trinidad and Tobago said it would again allow visitors, following a 16-month closure due to the Covid-19 pandemic. What is the current state of border restrictions put in place during the pandemic in the Americas, and are countries reopening their borders at the right pace? Which countries have been first to relax restrictions, and what will be the consequences of those decisions? How might the spread of new variants of the coronavirus delay plans to reopen borders in the Western Hemisphere?

A Danny Callaghan, CEO of the Latin American Travel Association (LATA) in London: "The ongoing restrictions on visitors to Latin America from the United Kingdom is having a significant impact on economies in the region. LATA members in Latin America recently reported an average 85 percent loss of revenue compared to pre-Covid levels, with a third of them having received zero income since March 2020. Staffing levels are also down by 67 percent. It is important to note that economic activity due to tourism extends well beyond the obvious tour operators and hoteliers—think about the person that services the bus used by a tour company, or the florist that provides flowers to a hotel. Those people sit outside the traditional definition of tourism businesses, but they are affected just as much. We must also recognize the importance of tourism to conservation. We help local

Continued on page 2

TODAY'S NEWS

POLITICAL

Haiti Asks U.N. for Investigation Into Moïse's Killing

Haiti has asked the United Nations for an international investigation into last month's assassination of President Jovenel Moïse.

Page 2

ECONOMIC

Nearly Four Million Mexicans Fall Into Poverty Amid Pandemic

Some 3.8 million Mexicans fell into poverty last year as compared to 2018, largely because of the Covid-19 pandemic, according to Mexico's poverty-measurement agency, Coneval. Almost 44 percent of Mexico's population is now impoverished.

Page 2

POLITICAL

St. Vincent Prime Minister Injured During Protest

Ralph Gonsalves, the prime minister of St. Vincent and the Grenadines, was hospitalized after reportedly being hit in the head with a rock during a protest.

Page 2



Gonsalves // File Photo: Government of St. Vincent and the Grenadines.

POLITICAL NEWS

Haiti Asks U.N. for Investigation Into Moïse's Assassination

Haiti has asked the United Nations to help conduct an international investigation into the July 7 assassination of President Jovenel Moïse, the country's embassy in the Dominican Republic said Thursday, Reuters reported. In a letter dated Aug. 3, the Haitian government wrote to U.N. Secretary General António Guterres asking for an "international commission of inquiry" and a special court to prosecute the suspects. Foreign Minister Claude Joseph signed the letter, which also said Haiti considered the attack an international crime due to the alleged role of foreigners in the planning, financing and execution of the plot, according to the report. Among those accused of participating in Moïse's assassination were Colombian mercenaries hired by a Miami-based security contractor, CTU Security. The owner of the company, Antonio Intriago, has said he was working with a former Haitian Supreme Court judge to help arrest Moïse but not kill him, The Wall Street Journal reported. In a statement released Wednesday by three lawyers representing Intriago, the security contractor said the mercenaries arrived

at the president's private villa alongside Haitian authorities to arrest him but found Moïse dead. Some soldiers have given the same testimony. "It is our belief that the president's own bodyguards betrayed him," the lawyers wrote in the statement, without elaborating further on how. [Editor's note: See related [Q&A](#) in Tuesday's issue of the Advisor.]

ECONOMIC NEWS

Nearly Four Million Mexicans Fall Into Poverty Amid Covid

The number of people living in poverty in Mexico rose 2 percent last year as compared to 2018, in large part due to the Covid-19 pandemic, Mexico's poverty-measurement agency, Coneval, said Thursday, the Associated Press reported. Almost 44 percent of the population, or about 55.7 million of the country's total 126 million people, now live in poverty. That figure compares to 41.9 percent living in poverty two years earlier. Of the additional 3.8 million Mexicans that fell into poverty in 2020, as compared to 2018, about 2.1 million became extremely poor, defined as being unable to meet basic needs for food, clothing and shelter. About 8.5

NEWS BRIEFS

St. Vincent Prime Minister Hospitalized After Being Struck During Protest

Ralph Gonsalves, the prime minister of St. Vincent and the Grenadines, was hospitalized on Thursday after being struck by an object during protests against the government's proposed vaccine mandate, Reuters reported. Gonsalves was reportedly hit by a rock when he was walking through a crowd gathered outside parliament. Images show the prime minister bleeding. The country's finance minister said Gonsalves had been transferred to Barbados for an MRI scan, Reuters reported.

Venezuela Cutting Six Zeros Off Currency Amid Hyperinflation

Venezuela will cut six zeros off its inflation-hit currency, the bolívar, in a bid to make it easier to use, the country's central bank said Thursday, Agence France-Presse reported. The change is scheduled to take place Oct. 1 alongside the issuance of new currency notes, the digital bolivar. "All monetary amounts expressed in national currency will be divided by one million," the central bank said. It added that the goal was to "facilitate" the use of the bolivar. Inflation has become so dire that much of the Venezuelan everyday economy works mainly in dollars, according to the report.

Brazil's Nubank Leads \$45 Million Funding Round for India's Jupiter

Brazilian digital bank Nubank has led a \$45 million funding round for Jupiter, an Indian digital bank, Finextra reported Thursday. The funding round values Jupiter at \$300 million. Jupiter had a beta launch in June, and it has 100,000 customers signed up on its waiting list, according to Finextra. Companies including Global Founders Capital and Sequoia Capital joined Nubank in the funding round.

FEATURED Q&A / Continued from page 1

communities earn a living from protecting the natural environment, for the good of the whole planet. But without tourism, there is a risk that those protections disappear as people turn to alternative ways to put food on the table for their families, which is perfectly understandable if undesirable. While Latin American governments have really understood the challenges that Covid brings to tourism and put in place protocols to safely manage travel, the continued lack of clarity from the U.K. government around how travel restrictions are managed makes forward-planning almost impossible for those businesses in the United Kingdom to

Latin America sector. LATA is working hard with other trade bodies to try and establish some clarity for our members and the wider industry."



Vangie Bhagoo-Ramrattan, head of the economic research unit at First Citizens in Port-of-Spain, Trinidad and Tobago:

"Most of the Caribbean region cautiously reopened borders in mid- to late-2020, and travel restrictions were slowly rolled back when the number of Covid-19 cases started to fall. The fact that travel and tourism contribute approximately 14 percent of Caribbean GDP

Continued on page 4

percent of the population, or 10.8 million Mexicans, live in extreme poverty, up from 7 percent in 2018, Reuters reported. "The Covid-19 health emergency has deepened the challenges for social development policy on all levels, mainly in income, health, education and food," the agency said, the AP reported. Coneval also called on more government aid for the most vulnerable "given the drop in income due to the health emergency." Poverty accelerated in the Mexican states where tourism is a major activity, with popular destinations Quintana Roo and Baja California Sur seeing poverty rise by 17.3 percent and 9 percent, respectively.

BUSINESS NEWS

Freedom Acquisition Eying Merger of Credijusto, CIAL

Freedom Acquisition Corp., a special-purpose acquisition company, or SPAC, headed by Franco-Ivorian businessman Tidjane Thiam, is in talks with Mexican financial technology company Credijusto and Latin American corporate data provider CIAL Dun & Bradstreet about merging the companies and listing them publicly in the United States, the Financial Times

The combined companies could be worth \$1.5 billion.

reported, citing unnamed sources familiar with the discussions. If successful, the companies' combined value could amount to approximately \$1.5 billion, the sources told the newspaper. The rationale reportedly behind the potential merger would be to join Credijusto's lending capacity with CIAL's data and analysis in order to increase the number of small loans that could be provided to businesses. The merger would keep the founders of Credijusto, David Poritz and Allan Apoj, at the helm of the business, the Financial Times reported. Thiam, a former chief executive officer of Credit Suisse and

THE DIALOGUE CONTINUES

How Quickly Can Latin America's Economies Recover?

Q In the July update to its World Economic Outlook report, the International Monetary Fund maintained its forecast of 6 percent for global economic growth this year but said the gap between rich and poor nations was widening amid low Covid-19 vaccination rates in developing countries and the emergence of highly contagious variants of the novel coronavirus. For Latin America and the Caribbean, the report forecasts 5.8 percent growth this year, just below the global average. This year and next, which countries in Latin America and the Caribbean will see their economies bounce back the fastest, and which will lag? How much does limited access to Covid-19 vaccines and people's hesitancy over receiving the vaccines threaten to derail the region's economic recovery? Which industries in the region will recover more quickly, and which will continue to struggle?

A Edgardo Sternberg, vice president and emerging markets portfolio manager at Loomis, Sayles & Company in Boston: "The IMF's most recent growth projections for Latin America and the Caribbean are an improvement over those it had in April. It is interesting that despite the high incidence of Covid cases and low levels of vaccination (except for very few exceptions), growth forecasts for 2021 have increased. The countries that have benefitted from this

British banking group Prudential, raised \$345 million for Freedom Acquisition in March in an initial public offering on the New York Stock Exchange. Thiam was ousted in February 2020 as Credit Suisse's CEO in the wake of a spying scandal. Thiam is among several former top bankers to launch SPACs, including former Citigroup executive Michael Klein. Freedom Acquisition declined to comment on the report

improved outlook are those that produce commodities or are tied to the U.S. manufacturing industry. Countries that depend on tourism will see much slower growth this year. Although Mexico has done very little to counterbalance the effects of the pandemic by enacting large fiscal stimulus or implementing effective measures to protect and vaccinate the population, it will see stellar growth this year and even next year as it has tied its fortunes to those of the United States. We can see that in Mexican companies increasing their production of cement, even beyond capacity. Other countries, such as Argentina and Brazil, will see relatively healthy growth this year but meager growth next year as they will have to lower their fiscal spending in order to bring it to more reasonable levels. Very healthy growth in Peru and Chile this year, thanks to commodity prices and last year's sharp declines, may see large slowdowns in 2022 as political uncertainties affect investments in those countries. Lastly, the surge in Covid cases because of the Delta variant may cause more lockdowns that affect growth in tourism-dependent countries. Thankfully, remittances to these countries have grown and have been steady."

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

about the merger talks, as did Credijusto and CIAL. In June, Credijusto purchased Mexican bank Banco Finterra in what it said was Mexico's first acquisition of a bank by a fintech company, Reuters reported. The \$50 billion deal was in the works for a year and a half, and the combined assets of the companies are worth approximately \$300 million, Poritz told the wire service last month.

FEATURED Q&A / Continued from page 2

and around 15 percent of employment in the region, balanced by the ever-present threat of the pandemic, necessitated this phased reopening to allow some level of tourism activity to resume. In early 2021, several countries experienced a surge in the number of cases, which resulted in an imposition and/or reinstatement of further restrictions. For example, Barbados announced a national lockdown in February. The measures imposed to curb the spread of the virus would have cost the Caribbean region heavily, with a contraction in economic activity of 6.8 percent estimated for 2020. The outlook for 2021 is very uncertain, with numerous headwinds, including the rising number cases of the highly contagious Delta variant of Covid-19 as well as stricter travel procedures in place, which may adversely affect demand for travel. As vaccination programs are intensified both abroad and domestically, authorities may be more confident in full reopening of borders, particularly to get economic activity going again, given the size of the economic fallout from the pandemic and the subsequent socioeconomic impact. Whether further travel restrictions are introduced going forward will depend heavily on the evolution of the pandemic and the spread of Covid-19 and its variants. However, those economies more heavily dependent on tourism may not be able to afford another round of border closure and/or tougher travel restrictions."

A **Felicia M. Knaul, director at the University of Miami's Institute for Advanced Study of the Americas:** "An essential nonpharmaceutical intervention (NPI) to curtail a pandemic is to close borders to prevent transmission. The Americas have seen tremendous variation and lack of standardization in the design and application of this NPI, both within and across countries and throughout the pandemic. A return to 'normalcy' in work, school, leisure

and family life is the goal, and good public stewardship is key to achieving it. Especially for locations that rely on tourism, businesses that are global and families that have suffered separations, cross-border travel must be safe and feasible. Mask wearing, social distancing, testing, contact tracing and vaccination are among the most important pillars of an effective strategy. The evidence is clear in the face of the Delta variant: vaccinated people are not falling seriously ill, and the vast majority of those hospitalized with Covid-19 in the United States and Canada are unvaccinated or have had only one dose. Testing and contact tracing were the necessary precursors to vaccination and are today the essential complement to facilitate movement across borders. Full border closures and extended quarantines are not evidence-based if vaccination and testing are effectively used. Canada failed until very recently to recognize this and insisted on complex and costly quarantines for all travelers, making families and businesses pay a higher-than-necessary price for controlling the pandemic. Increased access to affordable, accessible testing must be a gold standard. Mexico and Brazil, among others, have been woefully slow and deficient in making tests available. Similarly, free access to vaccines is paramount. This requires both supply- and demand-side policies. Supply side is today as much about effective delivery chains as it is about buying vaccines. On the demand side, much more is now known about how to encourage people to accept a vaccine through both positive and negative incentivizing. Costa Rica, for example, requires an expensive health insurance policy for international visitors but exempts those with proof of full vaccination. Good public health messaging about the safety of the vaccines is also essential."

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

LATIN AMERICA ADVISOR

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

Erik Brand

Publisher
ebrand@thedialogue.org

Gene Kuleta

Editor
ekuleta@thedialogue.org

Anastasia Chacón González

Reporter & Associate Editor
achacon@thedialogue.org



Michael Shifter, President

Rebecca Bill Chavez, Nonresident Senior Fellow

Bruno Binetti, Nonresident Fellow

Sergio Bitar, Nonresident Senior Fellow

Joan Caivano, Senior Advisor

Santiago Cantón, Director, Peter D. Bell Rule of Law Program

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

Subscription inquiries are welcomed at 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.