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FEATURED Q&A

Does Argentina Have A Problem With 'Brain Drain'?



Some countries have been seeing an increasing number of emigrants from Argentina. Ezeiza International Airport in Buenos Aires is pictured. // File Photo: Aeropuertos Argentina 2000.

Q Poor job prospects, skyrocketing inflation and a lack of confidence in the economy have been leading to higher levels of emigration from Argentina, the Financial Times reported on Oct. 12. Among the receiving countries, Spain last year received 33,600 Argentine-born people, the highest level since 2008. That figure is believed to be an undercount, however, as many of those people hold European passports. In Latin America, Chile and Uruguay residency applications by Argentines have also risen to new highs. What are the main reasons behind the higher rates of emigration from Argentina, and who is leaving? How will the trend affect Argentine businesses in terms of human capital and brain drain?

A Julio Burdman, professor of geopolitics at the University of Buenos Aires: "Argentines who emigrate to Europe and the United States are not a massive phenomenon, but they are a symbolically significant one, because it hurts national pride. Argentina has always felt like a country that receives immigrants, like the United States or Australia, and now to see that the flow has reversed is painful. Argentine emigrants are probably different from other Latin American emigrants. First of all, they are not that poor. Forty percent of the adults who emigrate are university graduates, and most of them belong—socially or culturally—to the middle class. The main 'colonies' of the 'Argentine diaspora' are Miami, Madrid and Barcelona. There is also another social phenomenon: many of these emigrants are descendants of former European immigrants, mainly from Italy and Spain, and obtained European passports through 'dual citizenship' procedures. These emigrants

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TODAY'S NEWS

POLITICAL

Bolsonaro Vows to Respect Brazil's Constitution After Loss to Lula

Brazilian President Jair Bolsonaro broke his silence Tuesday after his election loss to Luiz Inácio Lula da Silva. Bolsonaro vowed to adhere to Brazil's constitution and signaled he would step aside.

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BUSINESS

Sunrun to Develop Power Project for Puerto Rico

Sunrun Inc. was tapped to develop a 17-megawatt electricity generation project to strengthen Puerto Rico's fragile electrical grid. The announcement came on the same day that U.S. Energy Secretary Jennifer Granholm visited the island.

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POLITICAL

Petro, Maduro Meet in Caracas

Colombian President Gustavo Petro and Venezuelan President Nicolás Maduro met Tuesday in Caracas as the two countries seek to re-establish normal relations.

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Petro and Maduro met Tuesday. // Photo: @NicolasMaduro via Twitter.

POLITICAL NEWS

Bolsonaro Vows to Respect Constitution After Loss to Lula

Two full days after narrowly losing his bid for re-election, Brazilian President Jair Bolsonaro told reporters Tuesday at his official residence that he would adhere to the constitution and signaled that he would not contest the election. "I will continue complying with the orders of the constitution—it's an honor to be the leader of millions of Brazilians who, like myself, believe in economic freedom, religious freedom, free speech, honesty and the green and yellow colors of our national flag," Bolsonaro told reporters at the Alvorada Palace in Brasília, The Wall Street Journal reported. During the briefing, Bolsonaro's chief of staff, Ciro Nogueira, told reporters that Bolsonaro had authorized him to start the transition process that would end with Bolsonaro's rival, former President Luiz Inácio Lula da Silva, being sworn in as president on Jan. 1. Lula won the election with 50.9 percent of the vote, while Bolsonaro garnered 49.1 percent. Bolsonaro, who stood alongside more than a dozen government ministers and other allies as he delivered the two minutes of remarks, did not comment on his election loss, but he voiced support for truck drivers backing him who have blocked roads across the country in protest of Sunday's election results, the Associated Press reported. "Current popular movements are the result of indignation and a feeling of injustice regarding how the electoral process occurred," said Bolsonaro, the AP reported. Bolsonaro's statement was a "two-fold move," independent political analyst Thomas Traumann told the wire service. "He didn't recognize his defeat, and sustains the suspense," said Traumann. "But as he wants to continue to dominate, to be the leader, he maintains the possibility of peaceful demonstrations," he added. Earlier on Tuesday, Brazil's Supreme Court ordered the country's federal highway police to clear the roadblocks. By 8:30 p.m. local time on Tuesday, the highway police said they had removed 49 roadblocks but that

almost 200 were still in place, the AP reported. Before the election, Bolsonaro spent months questioning the reliability of Brazil's election system and alleging that it was prone to fraud, without providing evidence. Many protesters this week repeated the claim of the election being fraudulent, with some even calling for the military to intervene. [Editor's note: See [Q&A](#) on the election in Tuesday's Advisor.]

Petro Meets With Maduro in Caracas

Colombian President Gustavo Petro met Tuesday in Caracas with Venezuelan President Nicolás Maduro to discuss issues including bilateral trade, strengthening regional efforts to protect the environment and human rights, The Wall Street Journal reported. It was the first meeting between Maduro and a Colombian president in six years. After the meeting in the presidential palace in Caracas, Petro, a leftist and former guerrilla, said it was "suicidal" for the two countries to have become estranged from each other, the Associated Press reported. Petro added that the two countries would seek ways to share intelligence on drug trafficking groups and that he would push for Venezuela to return to the Andean Community of Nations, a regional investment and trade group from which it withdrew in 2006, the wire service reported. [Editor's note: See related [Q&A](#) in the Sept. 12 issue of the Advisor.]

ECONOMIC NEWS

Venezuela's Oil Exports Fall Amid Lower Production

Venezuela's oil exports slumped to their fourth lowest monthly average this year as a result of falling production, vessel monitoring data from state-owned PDVSA revealed, Reuters reported today. The oil firm's production and exports have fluctuated throughout the year due to power outages, a lack of investments

NEWS BRIEFS

Eighteen Former Leaders From Region Ask U.S. to End Cuba Embargo

Eighteen former leaders from Latin America and the Caribbean have signed a letter to U.S. President Joe Biden, asking the United States to end its six-decade embargo on Cuba, the Associated Press reported. "We ask you, Mr. President, to take into account this dramatic situation that thousands of Cubans are experiencing and do whatever is necessary to lift those restrictions that affect the most vulnerable," reads the letter, which was signed by former presidents including Dilma Rousseff of Brazil as well as Juan Manuel Santos and Ernesto Samper of Colombia.

Mexico Sees 14% Rise in Remittances For September

Mexico received \$5.03 billion in remittances in September, an increase of 14 percent as compared to the same month last year, the country's central bank said Nov. 1, EFE reported. For the year through September, the country received \$42.96 billion in remittances, a 15 percent increase as compared to the first nine months of last year, the central bank said. The increase in September of this year marked the fifth consecutive month that Mexico's level of remittances exceeded \$5 billion, according to Alberto Ramos, a managing director at Goldman Sachs.

Femsa Eyes Business-to-Business Service Through Fintech Unit

Mexico-based bottler Femsa is seeking to develop a business-to-business service through its financial technology unit, company executives said Monday, Reuters reported. The company "will have news on that very soon," Femsa's chief corporate officer, Francisco Camacho told analysts.

and a diminishing interest by partners willing to operate in the U.S.-sanctioned country. Last month, Venezuela exported 25 car-loads mostly to Asian destinations such as Malaysia and China, averaging of 533,968 barrels per day (bpd) of crude and products, according to tanker-tracking data from Refinitiv Eikon, which tracks PDVSA's internal exports data. The figure represents a 25 percent drop from September, when it averaged 666,000 bpd, and a 23 percent decline compared with the same month last year. Stocks of the company's most popular exportable grades recently decreased, and it reported low inventories for its flagship Merer 16 export grade. Also last month, the United States started to consider loosening its oil embargo on Venezuela's PDVSA if Venezuela takes steps toward democracy, The New York Times reported.

BUSINESS NEWS

Sunrun to Develop Power Project for Puerto Rico

Sunrun Inc. was selected in Puerto Rico to develop a 17-megawatt electricity generation project to buttress the island's fragile grid, Bloomberg News reported Tuesday. The company channels surplus battery power from its existing 7,000 residential solar customers back to the territory's grid during peak demand and power outages. In a statement, Sunrun said it will begin supplying households with power in 2024 through a virtual power plant. The project aims to make Puerto Rico's grid, one of the weakest, least reliable and most expensive of any U.S. jurisdiction, into a more flexible and resilient grid. Also on Tuesday, U.S. Energy Secretary Jennifer Granholm returned to Puerto Rico, where she was scheduled for closed-door meetings with government groups and other stakeholders to seek solutions to the territory's power sector problems, the Associated Press reported. She previously visited the island two weeks ago and warned of numerous "critical failures" in its power system.

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feel that they have legal and social welfare protection in Europe, which is sometimes illusory. In general, they are middle-class people who are frustrated by the limited possibilities offered by the Argentine economy and are looking for their own 'European' (or American) dream. However, not all of these stories have happy endings. Many of these middle-class university-educated Argentines get low-skilled jobs in Europe or the United States, and they improve their incomes but at the cost of a deterioration in their social or professional status. There is much talk about 'brain drain,' but that is relative: in the main Argentine industries and businesses, employers do not have problems in filling jobs."

A **Juan Cruz Díaz, managing director of Cefeidas Group in Buenos Aires:** "There is no consistent data to support the claim that Argentines are emigrating en masse, causing a brain drain. That assertion, made last year as well by former President Mauricio Macri and echoed in this latest Financial Times article, was labeled 'unsubstantiated' by fact-checker Chequeado.com. While data has shown a slight uptick in migration outflows over the last few years, U.N. estimates indicate that Argentina's rate of emigration is, on a global scale, relatively low. As is the case anywhere, economic crises see some citizens, especially those from the middle class, leave to seek economic opportunities elsewhere. Argentina has experienced this trend before—in the late 1970s and 1980s, then again in the early 2000s. More recently, many of Argentina's 'emigrants' have been wealthy businesspeople or entrepreneurs who have switched their official residencies to Uruguay, looking for more favorable tax conditions and ways to avoid paying the Extraordinary Solidarity Contribution, which the Argentine government established during the pandemic. Despite this trend—as well as more general economic troubles—Argentina is a vibrant source of innovative technol-

ogies, new companies and highly skilled professionals that see success both at home and abroad. The human capital challenge stems not from emigration but mostly from the education system, which is struggling

“**There is no consistent data to support the claim that Argentines are emigrating en masse, causing a brain drain.**”

— Juan Cruz Díaz

to keep up with the current demands of the economy. Of course, policymakers should be alarmed by the fact that thousands of Argentines leave every year in pursuit of economic stability. Still, in today's interconnected world, Argentines developing themselves abroad does not necessarily spell disaster for the country. What's more, many foreigners, including a marked number of digital nomads, relocate to Argentina in search of opportunity."

A **Kezia McKeague, regional director at McLarty Associates:** "My anecdotal evidence suggests that most Argentine emigrants are young, educated professionals driven by pessimism about their country's future. As the Financial Times article noted, farewell parties are often more frequent than birthday celebrations in affluent Buenos Aires neighborhoods. Indeed, the majority of those who choose to leave are not doing so because they are hungry or lack work in Argentina; instead, those from the upper middle class who have the resources to move to another country are tired of chronic inflation and macroeconomic instability—and hoping for better long-term prospects in countries like Spain, the United States, Uruguay and Chile. An oft-repeated—and perhaps overly bleak—refrain is 'este país no tiene solución

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(this country has no solution).’ The sensation of a country in permanent decline has become particularly acute during a three-year period of pandemic, political tensions within a fractious governing coalition, increasingly complex foreign-exchange restrictions and the country’s highest inflation rate in decades (expected to reach 100 percent by the end of this year). In addition, some older and affluent Argentines—as well as numerous Argentine technology companies—are moving across the Río de la Plata due to Argentina’s high tax burden. While Uruguay benefits from the talent and capital, the significant loss to Argentine business will be most evident in the years to come.”

A **Carlos Fara, president of Fara Veggetti in Buenos Aires:** “Argentina has been stagnant for 10 years and does not generate private employment. During this period of time, governments of different ideologies failed to get the country out of its crisis. In practice, it comes from three successive failures. In this context, with annual inflation of 100 percent, the vast majority of society is pessimistic about the future, even if the current government could lose the next presidential election. The Argentine popula-

tion today does not see a way out, it is very beaten and frustrated, and there is a growing anxiety about the need to emigrate. There is no future, regardless of who governs. Those who are most likely to leave the country are

“**Governments of different ideologies failed to get the country out of its crisis.**”

— Carlos Fara

those belonging to middle- and upper-classes who have a European passport and/or have some educational level or competence that allows them to settle in global markets, in addition to those younger than 35. Logically, since the emigration of human resources with a higher level of education and cultural capital, this affects the recruitment of personnel in globally competitive sectors, such as the knowledge industry, among others. It is what we usually call ‘brain drain.’ ”

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

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