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## FEATURED Q&A

# How Well Is Brazil Handling an Influx of Venezuelans?



Brazil's government has resettled some 100,000 Venezuelans who have arrived in the neighboring country. Venezuelan migrants in Brazil are pictured. // File Photo: Agência Brasil.

**Q** Brazil is sending thousands of Venezuelan migrants to its southern states as part of a program that offers eligible applicants work permits, the Associated Press reported May 16. The "interiorization" program, launched in 2018 to relieve pressure from the northern state of Roraima, has resettled about 100,000 of the 426,000 Venezuelans who have migrated to Brazil. The highest rate was recorded in March, with 3,377. How well is Brazil managing the inflow of Venezuelan migrants, and how effective is the program? How have political relations between the two countries evolved since the onset of the crisis?

**A** Richard Kiy, president & CEO of the Institute of the Americas: "Brazil has been among the countries in South America most affected by the influx of Venezuelan migrants, particularly in its northern states of Roraima and Amazonas. To counteract this flow of Venezuelan migrants, Brazil has implemented several measures to respond to these migration pressures, including setting up shelters and humanitarian assistance centers to provide temporary housing, food and medical care. Brazil has also worked to regularize the status of these Venezuelan migrants by allowing them to obtain temporary residence permits. That said, the large influx of migrants to Brazil's northern states has put a strain on local resources. Hence, Brazil's efforts to incentivize Venezuelan migrants to apply for work permits to its more prosperous southern states, including Rio Grande do Sul, Paraná and Santa Catarina, as part of its 'interiorization program' launched in 2018. To date, the program has taken about 100,000 of the 426,000 Venezuelan

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## Grupo México, Gov't Reach Deal Over Seized Railway Line

The Grupo México conglomerate and Mexico's government have reportedly reached a deal over President Andrés Manuel López Obrador's seizure of a railway line.

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### BUSINESS

## Nubank to Invest \$159 Million More in Colombia

Brazilian financial technology company Nubank will invest an additional \$159 million in its operations in Colombia, a company executive said.

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### POLITICAL

## Brazil's Lower House Curbs Ministries in Blow to Lula's Agenda

The lower house of Brazil's Congress curbed the powers of the country's environment and Indigenous affairs ministries in a setback to the agenda of President Luiz Inácio Lula da Silva.

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Lula // File Photo: Brazilian Government.

## POLITICAL NEWS

## Brazil's Lower House Curbs Indigenous Affairs Ministry

The lower house of Brazil's Congress late Wednesday approved legislation that curbs the powers of the environment and Indigenous affairs ministries in a setback for the climate agenda of President Lula Inácio Lula da Silva, Reuters reported. The measure would take away the power of the Ministry of Indigenous Peoples to demarcate new reserves, giving that ability to the Ministry of Justice, Agence France-Presse reported. Additionally, the Ministry of Environment would lose its power to register rural lands, which is central to officials' efforts to fight illegal deforestation, as well as to manage water resources. The ministries gained those powers after Lula took office in January, but the abilities were provisional and needed the approval of Brazil's Congress, AFP reported. The measure was approved on a vote of 337-125 and was sent to the Senate, Reuters reported. The Senate must approve the measure today, or it will expire. Wednesday's vote was the second major setback in 24 hours for Lula's environmental agenda. On Tuesday, the Chamber of Deputies approved a measure limiting the demarcation of Indigenous reserves, AFP reported. The measure, which the Senate also needs to approve for it to take effect, says reserves can only be land that Indigenous people occupied at the time that Brazil's current constitution was promulgated in 1988. Indigenous groups protested the lower chamber's passage of the bill, with some demonstrators blocking a major highway, NPR reported Wednesday. Protesters used bows and arrows in clashes with police, who responded by firing tear gas and water cannons to disperse the crowd. Some protesters held signs saying, "We existed before 1988," NPR reported. Opponents of the legislation that the lower house approved Tuesday said many tribes had been forced off their lands during Brazil's military dictatorship, which ended in 1985, and didn't return until years later.

## BUSINESS NEWS

## Grupo México, Gov't Reach Deal Over Seized Rail Line

The Grupo México conglomerate has reached an agreement with the country's government over President Andrés Manuel López Obrador's seizure of a railway line operated by a unit of the company, Reuters reported Wednesday, citing two unnamed sources familiar with the matter. López Obrador appeared to confirm the agreement later in the day, saying he was unsure as to whether it had been signed, but he added that the terms would benefit both sides. "A good deal was reached," he said. The agreement does not provide compensation in cash but rather includes provisions related to the expansion of expiring concessions, the sources told Reuters. Last week, the president said the company had requested compensation in the amount of 9.5 billion pesos (\$534.4 million). The seizure occurred in mid-May when navy troops seized a 128-kilometer section of railway operated by Grupo México Transportes in Veracruz state. López Obrador said the seizure was needed for "security reasons," adding that the railway was crucial for a key infrastructure project. The rail line is part of a project to connect ports on either side of Mexico's Isthmus of Tehuantepec, which separates the Pacific Ocean and the Gulf of Mexico, Bloomberg News reported. [Editor's note: See related [Q&A](#) in the May 25 issue of the Advisor.]

## Brazil's Nubank to Invest Additional \$159 Mn in Colombia

Nubank, Latin America's largest financial technology company, will invest an additional 700 billion Colombian pesos (\$159 million) in its operations in the South American country, its financial director for Colombia said Wednesday, Reuters reported. "We're going through the investment curve that any company has, where

## NEWS BRIEFS

## Guatemala, United States Announce New Migrant Processing Centers

Guatemala and the United States announced a six-month pilot program seeking to use new processing centers to curb undocumented migrant flows, Agence France-Presse reported today. The "Secure Mobility Offices" will launch on June 12, where appointments can be made to obtain temporary work permits, family reunifications and other legal avenues of entry to the United States, according to a joint statement by the two countries on Wednesday. It remains unclear where in Guatemala the centers will be located.

## Argentina Secures \$1 Bn in Financing From Chinese Companies

Argentina has secured approximately \$1 billion in financing from Chinese companies, Forbes reported. The confirmation of the financing came during Argentine Economy Minister's trip to China, where he is seeking agreements to strengthen Argentina's financial position amid triple-digit inflation. The majority of the new financing is related to infrastructure projects, with two hydroelectric dams along the Santa Cruz River accounting for most of it.

## Pemex Poised to Meet This Year's Debt Obligations: Deputy Finance Minister

Mexican state oil company Pemex is poised to meet its remaining debt obligations for 2023 and is looking into refinancing strategies for next year, said Deputy Finance Minister Gabriel Yorio, who added the government would step in if needed, Reuters reported on Wednesday. "At this time, we don't see Pemex facing problems to meet its commitments," Yorio said in a phone interview. Pemex had a \$107.4 billion debt at the end of the first quarter, according to company data.

first there is a cash flow, then there are large investments ... with their own capital, then there are shareholders," the executive, Felipe Castellanos, told reporters in Bogotá. The fintech will pay for the expansion from its own resources, and the move raises its investment in Colombia to a total of 2 trillion pesos, the wire service reported. Brazil-based Nubank has 635,000 credit card customers in Colombia, which is equivalent to a 3.6 percent market share. [Editor's note: See related [Q&A](#) in the May 18-31 Financial Services Advisor.]

## Guyana Judge Delays Ruling on Exxon Spill Insurance

An appellate judge in Guyana on Wednesday delayed a decision on a consortium led by Exxon Mobil to ensure more liability coverage for an offshore oil platform, which was a request by the country's environmental agency, Reuters reported. Appellate Court Judge Rishi Persaud said he would make a final decision on the stay within a week. The stay would suspend the June 10 deadline and trigger a reconsideration of the lower court's ruling. Last month, amid local residents' concerns about the detrimental effects of onshore drilling, the court ordered the local environmental agency to obtain independent liability insurance from Exxon's subsidiary Esso Exploration and Production Limited. It also sought additional insurance from its parent company to protect against catastrophic oil spills, the AP reported. On May 19, Exxon said it appealed a Guyanese court ruling that it must have insurance for "unlimited liability" in the event of an oil spill off the coast of the South American country, the AP reported. Lawyers for the oil companies said the existing liability insurance was sufficient to cover any major disaster at the Liza One production facility. The consortium's two offshore platforms account for the country's total oil production, and the group has approved budgets for three more projects until 2026. The three consortium members earned \$5.8 billion in Guyana last year, filings in the case revealed, Reuters reported.

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migrants to more than 930 cities in southern Brazil. Operated with the support of the International Organization of Migration and other U.N. agencies, Brazil's interiorization program has given many Venezuelan migrants an opportunity for a fresh start with expanded opportunities in the southern part of the country where the economy is stronger, unemployment rates are lower and where a demand for labor exists, particularly in the region's agricultural sector. As a case in point, in 2022 the unemployment rates in Rio Grande do Sul, Paraná and Santa Catarina were 6.3 percent, 6.1 percent and 3.9 percent, respectively. By contrast, Amazonas' unemployment rate last year was 10.4 percent. Though the interiorization program has relieved some pressure off Brazil's northern frontier, the reality is that in 2023 Brazil's economy is experiencing slower growth. So, as successful as the interiorization program has been, Brazil's southern states have their own limits."

**A Betilde Muñoz-Pogossian, director of the Department of Social Inclusion at the Organization of American States:** "No one should doubt today that when it comes to innovation on migration governance and responses, Latin America has recently provided great examples. The 'interiorization' program that the Brazilian government has implemented since 2018 is one of them. The program shows that countries can make the most of the arrival of migrants and forcibly displaced people if they put policies in place that facilitate their integration. This program has been an effective complement to Brazil's welcome policies that allow those arriving to obtain documents, work and study, as well as exercise the same rights as any foreign citizen with regular status. There are always challenges with language, or local appropriation of the program, but the interiorization program is a win for migrants and refugees as they are relocated and placed in job markets that allow them to be economically

autonomous. It is also a win for the receiving communities as it brings talent to areas where it is needed. Another positive aspect of this program is that it has become a state policy, implemented so far by two very ideologically different governments. This shows Brazil's commitment to protecting the rights of migrants and refugees, independently of national political conversations or how relations between Brazil and Venezuela evolve. It would be important to see in the medium to long term if regional discussions on how to achieve a political solution to the Venezuelan problem will affect Brazil's response to migrant and refugee arrivals. However, precedent seems to show that the country will not negotiate its commitments to protect the rights of those who had no choice but to leave Venezuela."

**A Tadeu Oliveira, statistical coordinator at the Observatory of International Migration:** "Most of the Venezuelan migrants who enter Brazil through the state of Roraima are internalized on their own. Additionally, the internalization for work reasons is one of the four modalities, which include departure from shelters in Roraima to reception and integration centers in the city of destination, family reunification and social reunion. Operation Welcome, responsible for the program of internalization of Venezuelan immigrants, to a large extent has successfully mitigated the pressure that the migratory volume exerts in Roraima. Migrants are demanding housing, basic social services and jobs in a region of the country that accounts for less than 1 percent of the country's GDP, while 75 percent of the territory are Indigenous areas. In this sense, the internalization as well as the reception measures that are providing shelter to Venezuelans have greatly alleviated the problems arising from the volume of migratory flows. In the beginning, with the intensification of the migratory flows of Venezuelans, and as these immigrants could not be regularized based on the Mercosur

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Residence Agreement—which Venezuela declined to sign—there were concerns of generating diplomatic tension with Venezuela. Immigrants would become regularized only through humanitarian channels or by obtaining refugee status, which would entail recognizing that Venezuela was facing a deep economic, social and political crisis—something that the Maduro government insisted on denying. The solution was to issue a resolution that allowed the entry of nationals of countries that bordered the north of Brazil and were not signatories of the Mercosur Residence Agreement: Suriname, Guyana, French Guiana and Venezuela. This measure, in practice, ended up benefiting Venezuelans. The Bolsonaro government chose to support Operation Welcome to wear down the leaders of its neighboring country, located on the opposite ideological spectrum, which enabled measures supportive of immigration to continue. At the moment, with the alternation of power in the country with the election of a more progressive government, the expectation is that there will be no discontinuity of actions and Venezuelan immigrants will continue to have some support from the Brazilian government.”

**A** **João Carlos Jarochinski Silva, director and professor in the Human Sciences Center at the Federal University of Roraima in Brazil:** “Since 2018, Brazilian officials have become more intensively involved in responding to the Venezuelan migration flow, establishing Operation ‘Acolhida’ (Welcome), which is centered around three pillars: border ordinance and documentation; sheltering; and ‘interiorization.’ The operation, despite setbacks such as the closing of the

borders during the pandemic, has well-defined operating protocols, consolidating a migration governance dynamic that has a strong impact in a border region marked by a diminished state presence when thinking in terms of access to rights. However, there are still many difficulties, such as the predominance of Venezuelans’ labor

“**Brazil has a policy for the reception of migrants, which puts it in a prominent position on this subject.”**

— João Carlos Jarochinski Silva

insertion in the informal market and high rates of underutilized migrant workers, the difficulty of integrating them in Roraima, a place that holds approximately 25 percent of Venezuelans living in Brazil. However, Brazil has a policy for the reception of migrants, which puts it in a prominent position on this subject. From an economic point of view, Venezuela is the main destination of exports from Brazil’s northern Roraima and Amazonas states. Now, with the election of Luiz Inácio Lula da Silva, we can see an effort by the Brazilian treasury to resume a less tense dialogue with Venezuela, in the sense that this rapprochement allows the resolution of some issues, such as the payment of Venezuela’s debt to the Brazilian development bank (BNDES), the purchase of Venezuelan energy to supply Roraima and issues related to the border and the Amazon.”

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

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