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## FEATURED Q&A

# Will a U.S.-Brazil Effort Advance Workers' Rights?



U.S. President Joe Biden and Brazilian President Luiz Inácio Lula da Silva last month launched a new effort designed to protect workers' rights. // Photo: Brazilian Government.

**Q U.S. President Joe Biden and Brazilian President Luiz Inácio Lula da Silva on Sept. 20 launched a new partnership aimed at protecting workers' rights, a move that coincided with the United Auto Workers' strike against top U.S. auto manufacturers. The partnership will focus, among other areas, on putting an end to forced labor and child labor and boosting accountability in public and private investments, The Hill reported. What are the most important areas on which the two countries can work together to advance labor issues? What is the partnership likely to achieve, and will other countries join? What obstacles will the partnership face?**

**A Mark A. Mittelhauser, associate deputy undersecretary for international affairs at the U.S. Department of Labor:** "President Biden joined with Brazilian President Luiz Inácio Lula da Silva on Sept. 20 to launch the Partnership for Workers' Rights, the first joint U.S.-Brazil global initiative to advance the rights of working people around the world. With this initiative, the United States intends to strengthen and expand our bilateral cooperation with Brazil while addressing urgent global challenges in the world of work. The partnership will prioritize safeguarding workers' rights in digital and clean energy transitions, combating workplace exploitation and discrimination, and promoting investment that drives good jobs. We intend for the partnership to catalyze new and innovative coalitions, and we are enlisting like-minded countries, trade unions, employers and the International Labor Organization in this effort. This initiative will build on existing bilateral cooperation on labor and employment issues, including at the first U.S.-Brazil Labor

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## Mexico Announces Tax Breaks for Companies That Relocate

Mexico's deputy finance minister on Wednesday announced a new policy of tax breaks for companies that relocate operations to the country.

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### BUSINESS

## Brazil's Ebanx Able to Fund Growth With Cash Flow; Executive

Brazilian payment firm Ebanx is able to fund its global expansion with its cash flow and has not needed to rely on financing or an IPO, an executive said.

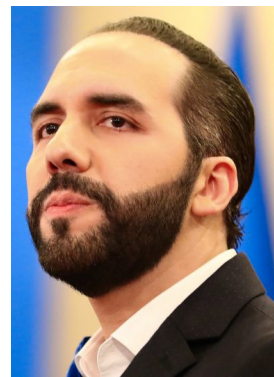
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### POLITICAL

## El Salvador Deploys Security Personnel to Fight Gangs

Salvadoran President Nayib Bukele on Wednesday deployed more than 4,000 security personnel to apprehend gang members.

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Bukele // File Photo: Salvadoran Government.

## POLITICAL NEWS

## El Salvador Deploys Security Personnel to Fight Gangs

Salvadoran President Nayib Bukele on Wednesday deployed more than 4,000 security personnel to three communities on the outskirts of San Salvador to fight gangs, the Associated Press reported. Bukele announced the early-morning operation to apprehend gang members in a video posted to social media platform X. The operation involved police officers and soldiers who were sent to the communities of Popotlan, Valle Verde and La Campanera, just outside the capital. "We are not going to stop until we capture the last terrorist that remains," Bukele said in the video, the AP reported. "We won't allow small remnants to regroup and take away the peace that has cost so much," he added. Bukele deployed the personnel as he prepared to again request an extension of emergency powers, which the country's Legislative Assembly first granted in March of last year. In the operation, soldiers guarded points of entry to the neighborhoods to prevent anyone from trying to escape, Agence France-Presse reported. Police officers also went from door to door, asking residents for identity documents and rental contracts as gang members often seize homes from local residents, AFP reported. Some police also were posted at a small church, while others checked passing vehicles. Salvadoran Defense Minister Rene Francis Merino called the operation "a response to a call from the population indicating that there are some gang members trying to reorganize" in the vicinity, AFP reported. Since lawmakers approved Bukele's original request for a state of emergency more than a year and a half ago, authorities have arrested some 73,000 alleged gang members. More than 7,000 of them were later released, AFP reported. Last February, Bukele inaugurated a new massive prison in the municipality of Tecoluca. The facility has a capacity of 40,000 inmates. Bukele is expected to seek re-election next February.

## Mexico's Military Has Obstructed Human Rights Probe: Official

Mexico's military has obstructed a government probe into human rights abuses during the country's "dirty war" of the 1970s and 1980s, the official leading the investigation said Wednesday, the Associated Press reported. Mexico's deputy minister for human rights, Alejandro Encinas, told reporters that investigators withdrew in September after they found that military officials were destroying, manipulating and hiding documents. In response to a question about whether officials might face charges, Encinas said, "We are investigating this. As soon as we have some clear indication and evidence, of course we will proceed," the AP reported. [Editor's note: See [Q&A](#) on militarization in Mexico in the Aug. 10 issue of the Advisor.]

## ECONOMIC NEWS

## Mexico Announces Tax Breaks for Firms That Relocate

Mexico's deputy finance minister Gabriel Yorio on Wednesday announced a new policy of tax breaks available to companies that relocate operations to Mexico, targeting major export industries such as vehicle manufacturing and semiconductors, Reuters reported. The incentives are designed to attract companies that are engaging in nearshoring, or shifting operations closer to their customers, in the wake of supply chain disruptions in Asia after the Covid-19 pandemic. Published in the government's official gazette, the outlined incentives would apply to 10 "key" sectors across the economy, such as battery, engine, fertilizer, pharmaceutical, medical instruments and agribusiness manufacturing. The tax relief on fixed investments are set to last through the end of 2024, Bloomberg News reported. The move has

## NEWS BRIEFS

## Colombian Government, Rebels Blame Each Other for Deadly Clashes

Colombia's defense ministry on Wednesday said a soldier had been killed by a cell of the Central General Staff (EMC), a dissident faction of the demobilized revolutionary Armed Forces of Colombia, or FARC, rebel group, Agence France-Presse reported. The EMC responded by accusing the army of killing three guerrillas and a civilian in an operation. Peace talks are scheduled to take place between the two parties, although their current status is unclear after the new round of violence.

## Inmates at Paraguayan Prison Release Guards Held Hostage for Hours

Inmates at Tacumbú, the largest prison in Paraguay, have freed 22 prison guards they had held hostage for more than 15 hours during a riot, BBC News reported on Thursday. The guards were taken hostage on Tuesday by members of the Rotela Clan gang who were leading the riot, which broke out days after the country's justice minister announced his plan to gain back control of the prison from the prison gang.

## Panama, Costa Rica Agree to Bus Migrants Through Darién Gap

The governments of Panama and Costa Rica said Wednesday that they had agreed to bus thousands of migrants through the dangerous Darién Gap, which separates Panama and Colombia, and to the Costa Rican border, the Associated Press reported. Panama has estimated that 420,700 migrants have crossed the Darién Gap so far this year. Panama hopes the busing plan will disrupt networks that charge migrants in order to smuggle them through the country and also reduce congestion at migrant camps in the country.

received cautious praise from economists, who fear the government is not providing essential infrastructure for these companies. “To be more attractive for nearshoring opportunities and reap more economic benefits in the medium term, Mexico needs a strong rule of law along with industrial, energy and fiscal policies that promote a new wave of investments associated with electric vehicles, renewable energy and IT equipment,” Arnulfo Rodríguez, a principal economist at BBVA research, told the Advisor in a [Q&A](#) published Sept. 12.

## BUSINESS NEWS

### Brazil’s Ebanx Able to Fund Expansion With Cash Flow: Executive

Brazilian payment firm Ebanx is able to fund its global expansion with its “positive cash generation history” and has not needed to rely on investor financing or raising money through an initial public offering, Bloomberg Línea reported Wednesday, citing a company executive. Paula Bellizia, the president of global payments for Ebanx, told the news service that the company examines market potential and specific demands of clients in determining its expansion plans. The payment firm recently announced its plans to expand to Jamaica and the Bahamas, as well as to Ivory Coast, Egypt, Ghana, Morocco, Senegal, Tanzania, Uganda and Zambia. Ebanx is “very meticulous about each percentage point and productivity,” Bellizia told Bloomberg Línea. “The payment battle is won in the day-to-day operation. That’s where we aim to be competitive, to be the best payment system.” Ebanx filed for an initial public offering in 2021, but the company postponed the offering amid worsening market conditions and looming higher interest rates. In June 2021, U.S. private equity firm Advent International invested \$430 million to acquire a minority stake in Ebanx. [Editor’s note: See related [Q&A](#) in the May 31 issue of the biweekly Financial Services Advisor.]

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Dialogue under the Biden-Harris administration in November. For example, we will partner to expand triangular and South-South cooperation on labor rights. As two of the next three presidencies of the G20, Brazil and the United States will also work together to shape the policies of the world’s leading economies with respect to workers’ rights and sustainable, inclusive growth. Workers’ rights are under immense pressure across the globe, as child labor and forced labor have grown, labor activists are coming under attack and workers face an acute cost-of-living crisis. The Partnership for Workers’ Rights aims to harness the unique strengths of Brazil and the United States to address these challenges and advance workplace democracy around the world.”

**A** **Cássia Pizzotti, partner, and Celso Báez, senior associate, both at Demarest Advogados:** “Although Brazil and the United States are under very different economic development stages and legal systems, it seems that certain concerns regarding labor rights are similar in both countries. The main example refers to the disputes between drivers and technology platforms concerning the type of relationship that would exist between them, moreover the rights and obligations resulting therefrom. In Brazil, we are far from reaching a definitive solution on this matter, as there is neither upcoming news in terms of legislation nor even a consensus among the drivers on what could be a fair outcome. Therefore, we believe that the partnership started last month may raise attention to discussions and potential solutions as to the digitalization of our economy and the impacts on labor relationships. It is also clear that one of the main commitments made by the governments is to undertake efforts for the complete eradication of discrimination in the workplace. Although it is an important step in terms of bringing attention to this matter, we believe that effective results will only be seen once the countries formal-

ize agreements with specific goals and obligations for both sides; otherwise, this partnership itself may end up not reflecting on labor relations and a society free of discrimination. Another great challenge will be to convince other economies to join this alliance, spreading the principles and commitments across the globe. As for Latin America, considering the political view of most of its current leaders (for example, Brazil, Argentina, Chile, Colombia, Bolivia, Venezuela and Mexico), it is likely that more countries will agree to take part in this initiative.”

**A** **Tequila Brooks, Washington-based attorney and trade and labor scholar:** “The U.S.-Brazil Partnership for Workers’ Rights is distinct from most U.S. international labor rights agreements, which are negotiated as part of free trade agreements. The stand-alone worker rights partnership has a number of advantages, key among those a focus on decent jobs and workplace rights rather than the contingencies of international trade. The partnership also breaks down the colonialist overtones of traditional Northern Hemisphere trade and labor policy. The United States and Brazil have entered the partnership as equals—both having worker rights challenges in the areas of forced labor and trafficking, child labor, workplace bargaining, exclusion of low wage workers from decent jobs and discrimination based on sex, race, disability and other grounds. Each side has something to teach the other—for example, a leading union federation in Brazil recently adopted measures to enable women to bargain for female-friendly workplaces. The partnership also focuses on key modern topics likely to excite people—the transition to a clean energy economy and creation of good jobs in emerging technological sectors. Brazil is second only to China in the creation of renewable energy jobs. Of course, a key challenge is always the risk that administra-

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tions will change and lose interest or fail to engage over time—but a key silent partner in the form of Gilbert Hounbo, the new director general of the ILO, will continue to support and further the partnership with the aim of achieving decent work as part of the 2030 Sustainable Development Goals.”

**A** **Alberto Pfeifer, head of the Group of Analysis of International Strategy (DSI) at the University of São Paulo:** “The statement is centered on five points. Points one, two and five are contained in the commitments made to the International Labor Organization (ILO) and national legislation. It is, therefore, a mere reiteration of what already exists and must and can be accepted. Point three depends on the consent of capital holders (entrepreneurs) who are guided, first and foremost, by profit and productivity, and not just by social justice. However, being worker centered can serve as a parameter for a transition to a sustainable and digitalized economy, although it may sound like a truism. Point four is a general statement without practical adherence. The Lula-Biden alignment sounds more like opportunism in the eyes of domestic voters—workers in general and, specifically and directly, the

unions. Ultimately, the declaration fits into the anachronistic division of the world into classes: workers and bosses. It is anachronistic, given the contemporary systemic structure of the capital/labor relationship, and inconvenient, as it blurs the vision of the relevant criteria—productivity, competitiveness and sustainability—in a world of power struggle in which the adversaries—China, India, Russia and Southeast Asia—are based on market conquest and control of sensitive sectors, and not on divisions of society into classes, such as bosses versus employees. The adoption of the proposals depends on national legislation, to be conducted by national legislatures. It can make Brazil more expensive and less competitive, burdening the general population and diverting productive investments to other countries. As it is a declaration of principles, without elements of enforcement, it is likely that other countries will join, ultimately generating a level of international work governance parallel to the ILO—undermining the mission of the ILO itself, at a time of crisis of multilateralism.”

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

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