A matter of method

Managerial structure, and not just managerial talent, drives organizational outcomes. Differences in management practices radically affect performance. Best practices can be learned: things that Latin American managers must invariably know.

Guarding our common future

The Latin Trade One Day for the Amazon Initiative: how to bring investment to one of the most sensitive spots on earth.

Global business forum Latin America

Dubai Chambers is expanding its efforts to explore promising markets across Latin America.

The unfinished story of the Pan-American Highway

The tale of a road that mirrors the failed Pan-Americanism.
The most reliable data for the US and the Latin America markets, accessed straight from our proprietary platform, Excel Add-in, or API Data Feed.

Quickly have at your disposal all the financial information you need to help you achieve more breadth, productivity and efficiency to develop better research, analysis, and presentations. Economatica is the largest and most complete financial data platform in Latin America. A single platform with all relevant information on funds, equities, ADRs and ETFs listed in the main stock exchanges in the US, Brazil, Argentina, Colombia, Chile, Peru and Mexico.

And with all the most advanced features to quickly organize all data using pre-formatted spreadsheets via an Excel Add-in or Data Feed API for Python, robots, reports, and systems.

The leading platform for those looking for better data and performing better analysis more easily.

economatica.com
A Matter of Method
Organizational structure, and not just managerial talent, drive organizational outcomes. Differences in management practices radically affect performance. Things that Latin American managers must invariably know.

Economía

Efectos Colaterales
Cómo afectaría la invasión rusa a Ucrania al comercio de América Latina y el Caribe.

Ciudades

¿Qué hace prosperar a una ciudad?
Cinco condiciones para una mejor ciudad.

History

The unfinished story of the Pan-American Highway
A conversation with historian Eric Rutkow about the 19,000-mile highway.

Cultura

Para picar la curiosidad
¿Se podría acaso desarrollar un mercado para una joya artesanal gastronómica de la Amazonia?

Opinião

Sustentabilidade
O nuevo modelo social
By Ingo Plöger

Suscríbase a latintrade.com, una fuente de información clave para el mercado latinoamericano. Tenga acceso a más de 28 rankings, índices y estadísticas exclusivas, obtenga los nombres de los empresarios y ejecutivos más influyentes y poderosos de la región, entérese de las principales iniciativas de RSE y mucho más.

NEWSLETTER PARA CFO
Una publicación mensual distribuida entre un listado exclusivo de 2.000 directores de finanzas, tesoreros y ejecutivos del sector financiero de las empresas más importantes de la región.

LATIN BUSINESS TRAVELER
El newsletter más importante de cobertura regional que presenta noticias y tendencias en viajes de negocios y ofrece datos útiles para los viajeros ejecutivos.
Por Santiago Gutiérrez

Prueba financiera
Las acciones sostenibles son una decisión financiera sensata.

Latin Trade entregó hace unos días el premio Latin Trade IndexAmericas a la Sostenibilidad, para premiar las cinco empresas más destacadas de la región por sus acciones en Ambiente Social y Gobernanza, ASG. Para esta ocasión hicimos un ejercicio estadístico sencillo pero revelador.

Seguro que habrá escuchado la afirmación de que las empresas con mejores prácticas de ASG son más rentables que las demás. Probamos esta afirmación con datos de precios de las acciones de 25 empresas ganadoras del LT IndexAmericas. Descubrimos que en el 85% de los casos, sus precios superaron de manera constante los índices de referencia en sus mercados accionarios locales.

También habrá escuchado que las prácticas ASG sirven para mitigar los riesgos de los negocios. Los precios de las acciones de todos los ganadores mostraron ser menos vulnerables a las caídas del mercado accionario. Cuando las cotizaciones cayeron sustancialmente en septiembre de 2018 o en marzo de 2020, en el peor de los casos, los precios de los ganadores cayeron 75 centavos de dólar por cada dólar que bajó el mercado. Para la mayoría, los precios cayeron mucho menos que eso y, en ocasiones, algunos precios siguieron aumentando.

¿Cuál es la explicación? En parte, las buenas prácticas ambientales y sociales generan confianza, que es la goma que mantiene unidas a las empresas con sus clientes. Los compradores no dejan de comprarles a estas empresas ni en las peores circunstancias y los inversores mantienen sus acciones en sus portafolios. Métodos de administración como los que presentamos en este número de la revista y una acción sensible y sensata por el ambiente y por la sociedad, están detrás del éxito empresarial. Mídalo usted mismo.

Permitame felicitar a los ganadores del premio Latin Trade IndexAmericas 2022, que ofrecemos en asociación con el Banco Interamericano de Desarrollo, BID. Ellos son, Grupo Financiero Banorte, BBVA, Microsoft Latam, TIM Brasil y Roche. También agradecemos la participación en la premiación del presidente del BID, Mauricio Claver-Carone y de Bernardo Guillamón, así como de los socios de McKinsey, Mekala Krishnan y Clemens Müller. Un agradecimiento especial a André Hoffmann, vicepresidente del directorio de Roche Holding, quien es un verdadero pionero mundial en sostenibilidad. Estamos muy honrados por su presencia en la premiación LT.

Permítanme felicitar a los ganadores del premio Latin Trade IndexAmericas 2022, que ofrecemos en asociación con el Banco Interamericano de Desarrollo, BID. Ellos son, Grupo Financiero Banorte, BBVA, Microsoft Latam, TIM Brasil y Roche. También agradecemos la participación en la premiación del presidente del BID, Mauricio Claver-Carone y de Bernardo Guillamón, así como de los socios de McKinsey, Mekala Krishnan y Clemens Müller. Un agradecimiento especial a André Hoffmann, vicepresidente del directorio de Roche Holding, quien es un verdadero pionero mundial en sostenibilidad. Estamos muy honrados por su presencia en la premiación LT.

Prueba financiera
Las buenas prácticas ambientales y sociales generan confianza, que es la goma que mantiene unidas a las empresas con sus clientes.

Nos merecemos volar con un nuevo aire
Recupera los momentos que quedaron pendientes y planea ese viaje a tu destino favorito

Forma parte de nuestro nuevo aire en aeromexico.com/nuevoaire
Recent leftist victories in Peru and Chile elections have prompted the narrative that Latin America is suffering a socialist tidal wave. Such analysis is too simplistic in its construct, often originating from US media and Washington based Latin Americanists whose thinking is clouded by binary American politics.

Latin America’s elite, cut off from their own populations by their security-obsessed lifestyle, are guilty of the same left vs. right myopia. Campaigns that dare to address the obscene wealth, justice, and opportunity gaps in a given country are likened to a new brand “Chavismo” and discounted as a slippery slope towards Marxism.

If there is a pattern forming in Latin American elections, it is the rejection of political incumbents. What the elites fail to grasp is the extent to which COVID lockdown policies impoverished the middle & lower classes. Even now, in 2022, more than two-thirds of households are worse off than they were versus 2019. Roughly a fourth have regained lost ground and a small elite (~10%) are better off.

2021: A YEAR OF ANGRY PRESIDENTIAL AND CONGRESSIONAL ELECTION RESULTS

<table>
<thead>
<tr>
<th>MONTH</th>
<th>COUNTRY</th>
<th>ELECTION RESULT</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mar '21</td>
<td>El Salvador</td>
<td>Bukele, Latin America’s most popular ‘outsider’ politician stoked an anti-establishment mood into a political majority victory for his party in mid-term elections.</td>
</tr>
<tr>
<td>Apr '21</td>
<td>Ecuador</td>
<td>Ecuadorians reject the leftist establishment party (MIRA) and elect banker-turned-politician Guillermo Lasso as President.</td>
</tr>
<tr>
<td>Apr '21</td>
<td>Chile</td>
<td>Chile elects a constitutional assembly, made up with a surprising number of anti-establishment representatives.</td>
</tr>
<tr>
<td>Jun '21</td>
<td>Mexico</td>
<td>Voters reduce leftist Morenista party’s hold on congress during mid-term elections.</td>
</tr>
<tr>
<td>Jun '21</td>
<td>Peru</td>
<td>Peru elects as president a previously unknown leader of the national teacher’s union.</td>
</tr>
<tr>
<td>Nov '21</td>
<td>Argentina</td>
<td>Incumbent leftist Peronist party loses its congressional majority in mid-term election elections.</td>
</tr>
<tr>
<td>Nov '21</td>
<td>Chile</td>
<td>Voters reject establishment party candidates in the 1st round of Presidencial elections and choose two polarizing (left and right) candidates for the run off.</td>
</tr>
<tr>
<td>Nov '21</td>
<td>Honduras</td>
<td>Xiomara Castro becomes Honduras’ first female President by leading an opposition party coalition over the incumbent National Party.</td>
</tr>
<tr>
<td>Dec '21</td>
<td>Chile</td>
<td>Chileans vote out Gabriel Boric, the youngest and most stringently leftist Presidential candidate since Salvador Allende.</td>
</tr>
</tbody>
</table>

COVID has taken a brutal human toll on Latin America with over one million deaths. COVID lockdowns, some of the strictest worldwide, drove c. 40 million people into poverty and lowered the incomes of 500 million Latin Americans. The region’s admirable 30-year history of poverty reduction lost 15 years of progress in 2020.

When initiated, lockdowns were deemed the only viable response in Latin America where hospital infrastructure was (and still is) woefully inadequate and where 3-4 generations of families often cohabitate. But lengthy lockdowns destroyed the livelihoods of the informally employed, 60% of the workforce, who were ordered to stop working by a political class who continued to safely earn 100% of their pay from home and, worse yet, often enriched themselves during a period of record government spending. That is why citizens protested in over 15 countries and why frustrated voters will continue to ‘throw the bums (incumbents) out’ in 2022.

JOHN PRICE, managing director of Americas Market Intelligence, a leading regional consultancy. • jprice@americasmi.com

Photo: Courtesy of Americas Market Intelligence.
El año en una cifra

La PIB de las economías de la región crecerá 4.4% en promedio este año. La excepción es Guyana que crecerá casi 50% por efecto de la explotación de petróleo. En el otro extremo se ubican Brasil, Surinam, Chile, Argentina, Jamaica, México y Nicaragua que crecerán 3% o menos. Esto último es una mala noticia porque estos países no han recuperado aún los niveles de producción previos a la pandemia.

<table>
<thead>
<tr>
<th>País</th>
<th>Variación porcentual anual</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2019</td>
</tr>
<tr>
<td>Argentina</td>
<td>2,0</td>
</tr>
<tr>
<td>Bahamas</td>
<td>0,7</td>
</tr>
<tr>
<td>Barbados</td>
<td>2,0</td>
</tr>
<tr>
<td>Belice</td>
<td>1,8</td>
</tr>
<tr>
<td>Bolivia</td>
<td>2,2</td>
</tr>
<tr>
<td>Brasil</td>
<td>1,2</td>
</tr>
<tr>
<td>Chile</td>
<td>0,9</td>
</tr>
<tr>
<td>Colombia</td>
<td>3,3</td>
</tr>
<tr>
<td>Costa Rica</td>
<td>2,3</td>
</tr>
<tr>
<td>Dominica</td>
<td>3,5</td>
</tr>
<tr>
<td>República Dominicana</td>
<td>5,1</td>
</tr>
<tr>
<td>Ecuador</td>
<td>0,0</td>
</tr>
<tr>
<td>El Salvador</td>
<td>2,6</td>
</tr>
<tr>
<td>Granada</td>
<td>0,7</td>
</tr>
<tr>
<td>Guatemala</td>
<td>3,9</td>
</tr>
<tr>
<td>Guyana</td>
<td>5,6</td>
</tr>
<tr>
<td>Haití</td>
<td>-1,7</td>
</tr>
<tr>
<td>Honduras</td>
<td>2,7</td>
</tr>
<tr>
<td>Jamaica</td>
<td>0,9</td>
</tr>
<tr>
<td>México</td>
<td>0,2</td>
</tr>
<tr>
<td>Nicaragua</td>
<td>3,7</td>
</tr>
<tr>
<td>Panamá</td>
<td>3,0</td>
</tr>
<tr>
<td>Paraguay</td>
<td>0,4</td>
</tr>
<tr>
<td>Perú</td>
<td>2,2</td>
</tr>
<tr>
<td>Santa Lucía</td>
<td>0,1</td>
</tr>
<tr>
<td>San Vicente y las Granadinas</td>
<td>0,5</td>
</tr>
<tr>
<td>Surinam</td>
<td>1,1</td>
</tr>
<tr>
<td>Uruguay</td>
<td>0,6</td>
</tr>
</tbody>
</table>

Fuente: Banco Mundial.

Note: * = estimación; p = previsiones

Political and economic challenges for Latin American leaders in a post-pandemic 2022

The challenges will be to satisfy social demands for economic relief, greater opportunity, and equality at a time of mediocre or insufficient economic recovery, exploding levels of public and private sector debt, and erosion of regional currencies.

The economic devastation of the COVID-19 pandemic in Latin America and the Caribbean continued into its second grinding year, wreaking havoc on lives and livelihoods and rolling politics throughout the hemisphere. If, according to the UN Economic Commission for Latin America and the Caribbean (CEPAL), 2020 witnessed the worst economic contraction in 120 years, 2021 saw a return to growth in most countries, largely led by China’s demand for commodity exports and the resulting increase in prices. That said, projected regional growth in 2021–6.3%—is less than the 6.7% average loss in the pandemic’s first year. In one stark indicator, LAPOP’s Americas Barometer found that food insecurity affected one out of three households in 2021, an increase of 69% as compared to a decade ago. While avoiding explicit use of the word “inequality,” the IMF noted in its October Regional Economic Outlook that the region’s “structural characteristics”—weak health systems, the prevalence of labor informality, and limited possibilities for remote work and education—contributed to the pandemic’s “lingering effect.” Said the World Bank in September, “the scars on the society and economy will take years to fade.”

The Pan-American Health Organization (PAHO) added other data points to the grim scenario. LAC reached the “tragic milestone” of one million COVID deaths in May 2021, the highest per capita death rate in the world; and by early December, only 20 out of 36 countries in the region were on target to reach the goal of vaccinating 40% of their population by year’s end. Top performers like Chile and Uruguay reached 84% and 76% coverage, respectively, largely with the Chinese vaccines Sinovac and Sinopharm. But health researchers have recently found that the Chinese vaccines offer almost no protection from the highly-contagious Omicron variant ravaging the globe. Unheal and insufficient vaccinations—Guatemala’s rate is only 24%—heightens the region’s vulnerability to Omicron and other strains that have yet to emerge. Widespread economic reversals, successive lockdowns, and an accumulation of social frustrations have deeply impacted the region’s politics. Polls by LatinoBarómetro (LB) and LAPOP’s AmericasBarometer (AB) show that dissatisfaction with democracy is high (much as it was before the pandemic). According to LB, less than half the region’s citizens support democracy over other forms of government, and 70% are dissatisfied with democratic performance. Uruguay, El Salvador, and Costa Rica register high in citizen satisfaction, but LAPOP reports that only six countries of the region is a majority satisfied with the way democracy works; and more than three in five believe that all or most politicians are corrupt. Notably, according to LB, political parties rank at the bottom of the list of institutions enjoying public support.

Broad generalizations always mask critical differences. This year Ecuador elected a centrist banker and Honduras selected the wife of a deposed former president. Brazil in 2022 appears headed to a showdown between incumbent Jair Bolsonaro and Luiz Inácio “Lula” da Silva of the established Workers Party. But many traditional parties of the centre-right and centre-left have imploded, making way for anti-incumbent outsiders, be they a virtual unknown—Pedro Castillo in Peru—or a longtime student leader and elected parliamentarian—Chile’s Gabriel Boric. Previously institutionalized electoral systems such as Colombia’s has continued to fragment. Dozens of contenders have entered the race for next year’s presidential election, with several of the top candidates representing heretofore unknown parties or coalitions.

The challenge will be to satisfy social demands for economic relief, greater opportunity, and equality at a time of mediocre or insufficient economic recovery, exploding levels of public and private sector debt, and erosion of regional currencies.

The challenge will be to satisfy social demands for economic relief, greater opportunity, and equality at a time of mediocre or insufficient economic recovery, exploding levels of public and private sector debt, and erosion of regional currencies.

By Cynthia Arnson

Director, Latin American Program, Woodrow Wilson International Center for Scholars.
An Asset-Lighter Latin America

We have heard ad nauseam about the financial advantages of pure-play, asset-light companies. How does this model look in Latin America and the Caribbean?

Concession operators, Brazilian electric power companies, and some construction firms are the regional version of asset-light archetype Uber. On average, the most efficient concession operators generate revenues 360 times greater than the value of their Property, Plan and Equipment (PPE). On the other hand, Brazilian electricity companies became efficiency titans when their business model changed during Dilma Rousseff’s administration. The State bought the transmission assets from them, leaving firms with the task of managing the process.

Some surprising facts: The financial sector is not as asset-light as one might think. From a sample of 900 publicly listed firms, banks and insurers are far from being the best in this regard. It is likely that buildings and large vaults are being replaced slowly by digital assets (which are still quite expensive).

Granted: mines need loads of equipment to get their job done. But agriculture? Asset-heavy agribusiness does need equipment and, at times, owned land. But, is there room to improve on this model?

A turning point? PPE in the hands of non-financial firms became a stronger lever to generate revenue in 2021. A sample of 850 of these companies revealed an increase in the Revenue to PPE indicator, from an otherwise dull, steady trend. Since 2017, efficiency-conscious managers have found ways to make total assets generate more revenue. It will come as no surprise that they do the same with PPE, transforming the slight 2021 change into a trend.

### Asset-lightness, by Sector

#### 2021 - percentage

<table>
<thead>
<tr>
<th>Industry</th>
<th>Revenue/Property, Plant &amp; Equipment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transportation Services</td>
<td>44.2</td>
</tr>
<tr>
<td>Construction</td>
<td>21.7</td>
</tr>
<tr>
<td>Funds</td>
<td>17.3</td>
</tr>
<tr>
<td>Electric Power</td>
<td>15.8</td>
</tr>
<tr>
<td>Software &amp; Data</td>
<td>12.9</td>
</tr>
<tr>
<td>Electric Electronics</td>
<td>10.1</td>
</tr>
<tr>
<td>Other</td>
<td>0.8</td>
</tr>
<tr>
<td>Finance and Insurance</td>
<td>7.6</td>
</tr>
<tr>
<td>Wholesale &amp; Retail</td>
<td>6.2</td>
</tr>
<tr>
<td>Oil &amp; Gas</td>
<td>4.7</td>
</tr>
<tr>
<td>Chemical</td>
<td>3.9</td>
</tr>
<tr>
<td>Vehicles &amp; Parts</td>
<td>3.2</td>
</tr>
<tr>
<td>Textile</td>
<td>2.9</td>
</tr>
<tr>
<td>Industrial Machinery</td>
<td>2.7</td>
</tr>
<tr>
<td>Basic &amp; Metal products</td>
<td>2.7</td>
</tr>
<tr>
<td>Food &amp; Beverage</td>
<td>2.5</td>
</tr>
<tr>
<td>Agribusiness &amp; Fisheries</td>
<td>2.1</td>
</tr>
<tr>
<td>Nonmetallic Minerals</td>
<td>1.3</td>
</tr>
<tr>
<td>Mining</td>
<td>1.0</td>
</tr>
<tr>
<td>Pulp &amp; Paper</td>
<td>0.8</td>
</tr>
<tr>
<td>Telecommunications</td>
<td>0.6</td>
</tr>
</tbody>
</table>

### Top Revenue-generating Asset-light Operations in LAC

#### 2021 - percentage

<table>
<thead>
<tr>
<th>Company</th>
<th>Industry</th>
<th>Revenue/Property, Plant &amp; Equipment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Concess Rota Dois Irmãos</td>
<td>BR Transportation Services</td>
<td>790.0</td>
</tr>
<tr>
<td>Cia do Aemp Inter de Guanabara</td>
<td>BR Transportation Services</td>
<td>553.1</td>
</tr>
<tr>
<td>Redenção - Concess Rod. Integradas</td>
<td>BR Transportation Services</td>
<td>430.9</td>
</tr>
<tr>
<td>Aeroportos Argentina 2000</td>
<td>AR Transportation Services</td>
<td>360.0</td>
</tr>
<tr>
<td>Eletrico</td>
<td>BR Electric Power</td>
<td>300.9</td>
</tr>
<tr>
<td>Red de Correderos de Occidente</td>
<td>MX Transportation Services</td>
<td>241.3</td>
</tr>
<tr>
<td>Concessão Rod. do Leste</td>
<td>BR Transportation Services</td>
<td>188.5</td>
</tr>
<tr>
<td>Energia Sergipe Dist. de Energia</td>
<td>BR Electric Power</td>
<td>173.3</td>
</tr>
<tr>
<td>Energia Mota Groce</td>
<td>BR Electric Power</td>
<td>169.0</td>
</tr>
<tr>
<td>Piu Capp</td>
<td>CL Real Estate</td>
<td>159.1</td>
</tr>
<tr>
<td>Sociedad Concesionaria Castanera</td>
<td>CL Transportation Services</td>
<td>135.9</td>
</tr>
<tr>
<td>Inepor</td>
<td>BR Transportation Services</td>
<td>133.0</td>
</tr>
<tr>
<td>Energia Pararoba - Redelambros de</td>
<td>BR Electric Power</td>
<td>133.0</td>
</tr>
<tr>
<td>Rede Energia</td>
<td>BR Electric Power</td>
<td>130.9</td>
</tr>
<tr>
<td>Coelte</td>
<td>BR Electric Power</td>
<td>194.0</td>
</tr>
<tr>
<td>Even</td>
<td>BR Construction</td>
<td>103.1</td>
</tr>
<tr>
<td>Azevedo</td>
<td>BR Construction</td>
<td>917.9</td>
</tr>
<tr>
<td>Gasco</td>
<td>CL Oil &amp; Gas</td>
<td>84.0</td>
</tr>
<tr>
<td>Residencial</td>
<td>BR Construction</td>
<td>84.4</td>
</tr>
<tr>
<td>Equatorid</td>
<td>BR Electric Power</td>
<td>79.9</td>
</tr>
</tbody>
</table>

### A New Trend

#### 2017 - 2021

<table>
<thead>
<tr>
<th></th>
<th>Revenue/Property, Plant &amp; Equipment</th>
<th>Revenue/Total Assets</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2017</td>
<td>2018</td>
</tr>
<tr>
<td>Revenue/Property, Plant &amp; Equipment</td>
<td>0.9</td>
<td>1.0</td>
</tr>
<tr>
<td>Revenue/Total Assets</td>
<td>0.4</td>
<td>0.9</td>
</tr>
</tbody>
</table>
A clear view of Latin America’s future

From zombie firms, to the development of a promising green sector, to a revision of parts of the market-based model.

An interview with William Maloney, Chief Economist for Latin America at the World Bank.

Latin America urgently needs to decide how it will deal with a new shower of highly indebted, near insolvent zombie firms, and with a group of opaque banks that will come out of the 2020 recession. It is a disturbing prospect of opaque banks that will come out of the recovery and, given the relatively slow insolvency resolution mechanisms in the region, leave a residual of zombie firms. Further, to the degree banks foreclose debt payments, we have seen some de-transparentization of the financial sector where the level of non-performing loans is less easy to track. Both raise the potential for sector instability and we need to be vigilant on both fronts.

Second, LAC schools were closed more days than almost any other region leading to a loss of 1-1.5 years of schooling, with the biggest losses accruing to students without access to computers or connectivity. Unremedied, this will have long term adverse effects on growth and social equity. We need to keep schools open this year.

Third, even before COVID19, LAC was underperforming: from 2010-2019, the region grew 2.2% per year while the world grew at 3.1%. As discussed in our semi-annual report, this implies the region needs to make progress on a range of growth promoting reforms, but in a context of greater fiscal tightness.

What are the issues that need more attention from professional economists in the region? What topics still have significant theoretical or empirical knowledge gaps?

In the face of low growth and weak diversification, there are questions about the efficacy of the market-based model and calls for industrial policies, for instance, to alter the structure of LAC economies. This obscures longstanding questions about why we’ve performed so poorly relative to other countries with similar endowments and industries. For example, the U.S. and Japan both leveraged mining into dynamic diversified economies: Sumitomo, Hitachi and Fujitsu all began as copper companies, yet there are few analogous success stories in mining-rich LAC 2 Nor, despite decades of electronics assembly in Mexico have we produced a teléfono Azteca comparable to the Samsung Galaxy. We need to understand what is missing from the existing model, what reforms are critical, and where we need to experiment more – in managerial upgrading, entrepreneurship eco-systems, articulating research institutions with the private sector, preparing companies to export, among other areas.

We need to understand the longstanding barriers to rapid accumulation of human capital. 30% of businesses report deficient worker skills as an impediment to growth, yet a recent UNESCO report shows we’re making only slow progress on basic education, only 36% of Latin American high school graduates meet the minimum standards in science. In the context of fiscal tightness, we will need to understand which mechanisms will crowd in private sector participation to close the persistent infrastructure gap that impedes potential for increased exports and nearshoring.

More generally, improvements in the quality of governance would rebuild public trust in government and allow better use of fiscal resources for growth and equity purposes. Our estimates suggest that on average 4% of GDP is lost in poorly targeted (particularly energy) subsidies, outdated procurement practices, and weak human resource policy. This is a nascent agenda that needs to be fleshed out.

What are the main policy recommendations for the region on an environment, and on the reduction of poverty and inequality?

The Bank is actively working on country-specific projects to adapt to the dislocations that many communities are facing as a result of changing climate. On the mitigation front, despite the fact that LAC contributes relatively little to global carbon emissions, we will need to prepare, both in policy and in certification mechanisms, to meet the likely Carbon Border Adjustment Measures on other trade restrictions, particularly in agriculture and in production from the Amazon. But the region has a comparative advantage in the green economy and hence opportunities to actively pursue. It has the cleanest energy matrix in the world, which gives an edge to traditional sectors, and offers opportunities in new sectors such as green hydrogen, mining resources such as lithium, that are central to the decarbonization agenda; forests that can transform the region into a global carbon sink; and, as the world first net food exporter, the potential to lead in low-emissions food. It is important to remember that in addition to shifting incentives, for instance through carbon taxes or redirecting extant energy subsidies towards green projects, both the adaptation and mitigation agendas are fundamentally technology-intensive, and hence improving the functioning of LAC’s innovation systems is an important complement.

On the distribution and poverty front, providing opportunities for upward advancement through increased access to well-functioning educational institutions remains central. Again, improving primary and secondary education, and facilitating access to vocational programs, and certifying the quality of tertiary programs are all critical.

What are the Bank’s main policy recommendations for the poorest country in the hemisphere, Haiti?

The deteriorating conditions since 2015 and the tragic events of 2021 have layered heightened risks of instability on top of the longer-term conditions of fragility and poverty in Haiti. While recognizing that addressing core drivers of Haiti’s persistent fragility and development constraints is a multi-generational endeavor, in the current context this could potentially provide openings for dialogue and change and the emergence of new actors and agendas. The Bank is focusing on five main priority areas for policy action, namely maintaining macroeconomic stability, improving statistics to better inform policies, rebuilding the social contract, creating greater economic opportunities and better jobs through private-sector-led growth, and reducing vulnerabilities and building resilience.

LATIN AMERICA HAS THE CLEANEST ENERGY MATRIX IN THE WORLD, WHICH GIVES AN EDGE TO TRADITIONAL SECTORS, AND OFFERS OPPORTUNITIES IN NEW SECTORS SUCH AS GREEN HYDROGEN.
El cambio en la temperatura global tendrá efectos sustancialmente distintos en partes diferentes del planeta. En la zona ecuatorial el termómetro subirá posiblemente un grado centígrado mientras que en las regiones subárticas subirá dos.

Pero el cambio en el Sahara, por ejemplo, tendrá consecuencias sustancialmente más serias que en Siberia. Mientras el Sahara se convertiría en infierno, Siberia sólo se atemperaría y se pondría agradable, hizo notar Esteban Rossi-Hansberg, profesor de la Universidad de Chicago y miembro del Consejo de Economistas de Latin Trade.

Esta observación es muy relevante para entender lo que pasará con la distribución de la población y de la producción agrícola global en el largo plazo.

La mayoría de los modelos que establecían la relación entre la temperatura y la actividad económica hasta ahora, no habían considerado en detalle las acciones de las personas y de las empresas. Cuando las personas se afectan mucho o no se pueden adaptar, migran; las empresas cambian de procesos productivos o cierran sus actividades en un lugar. La descripción formal sobre la motivación que indujo la acción de personas y empresas es lo que los economistas llaman las ‘fundaciones microeconómicas’ de los modelos.

Con modelos con dichas fundaciones microeconómicas, Esteban Rossi-Hansberg, al frente de un grupo de investigadores, encontró que el actual mundo en desarrollo ubicado hoy en zonas más calientes del planeta será el más afectado por el cambio climático. No porque tengan una característica específica en su producción o en su forma de vivir, sino porque el sitio donde hoy se encuentran coincide con las áreas más afectadas por el cambio de temperatura.

Centroamérica, partes de Brasil, una buena porción de África, India central y el sudeste asiático se verán golpeadas de manera muy negativa. Mientras que los países menos afectados del mundo pueden reducir su ingreso per cápita en 1%, los más afectados perderán el 15%.

Por cuenta de esta selección que hará el clima, los países más ricos del mundo pueden reducir su ingreso per cápita en 1%, los más afectados perderán el 15%.

¿Hacia dónde se moverán la población y la producción agrícola? ¿Cómo será la geografía del mundo más caliente en cien o doscientos años? Afortunadamente personas como Esteban Rossi-Hansberg y sus equipos ya están empezando a resolver esas preguntas. Todavía hay algo de tiempo para ordenar algunas cosas en la casa, incluso si la insensatez humana optara por permitir que la temperatura siga subiendo LT.
Cómo será el año para Chile

Política, economía, lito, Constitución, desigualdad, en el país más desarrollado de la región. La visión de Andrés Velasco, miembro del Consejo de Economistas de Latin Trade.

L
o que ha pasado en Chile en los últimos tiempos da de dulce y de agra, dijo Andrés Velasco, director de la Escuela de Política Pública de la London School of Economics y miembro del Consejo de Economistas de Latin Trade. Es evidente que los últimos dos años fueron muy difíciles por cuenta de la pandemia, por el descontento social y por la recesión, que si bien fue menor a lo que muchos países en la región, no por ello dejó de ser dolorosa, según dijo.

En ese tiempo la discusión política se volvió “muy polarizada y muy frivolidizada”, añadió. En los años anteriores la política en Chile había mantenido un nivel de diálogo más alto que en el resto de Latinoamérica y una alta voluntad de buscar consensos, manifestó el economista. La frivolidización de la conversación política y la fragmentación de los partidos hizo que se perdiera esa tradición.

En ese escenario más complejo hubo dos buenas noticias, sostuvo. De un lado, el estabilizado social de 2019 continuó teniendo una salida política e institucional. De otro, “el resultado electoral evitó la elección de un populista de derecha”. Para Velasco se impidió la llegada al poder del candidato presidencial de derecha José Antonio Kast. “No es un ‘Trump’, pero tiene rasgos comunes con Bolsonaro y Orba”, entre otros.

Señaló que el presidente electo Gabriel Boric es una persona seria y con buenas intenciones. Eso, ademáes, manifestó, le será difícil gobernar sin poder presidencial, el sistema electoral, la relación política muy fina”, afirmó.

De un lado, 2021, más acelerado que el del resto de la región, pero tiene una proyección mediana para 2022, afirmó Andrés Velasco. “Las predicciones varían, pero están en 2%-3%, lo que no da para sentirse muy optimista de que se muevan para mover grandes recursos y desarrollar planes ambiciosos.”

De otra parte, dijo, hay que recuperar la salud fiscal. Las condiciones de la deuda pública chilena eran las mejores de la región junto con las de Perú. Las obligaciones impuestas por la pandemia derrumbaron la posibilidad de aumentar la deuda y por eso la nueva administración del país tendrá que tomar decisiones difíciles de contención de gasto o de establecer nuevos impuestos. El presidente electo informó su voluntad de promover un pacto tributario.”Está bien que la carga tributaria suba, porque el mayor nivel de desarrollo genera más demanda de bienes públicos por la ciudadanía.”

Presidirá, además, que esto será difícil por la ausencia de mayores parlamentarios.

Constitución

El economista aplaudió el hecho de que el proyecto de rediseño la Constitución chilena se hubiera hecho dentro de un proceso institucional y democrático.

Manifestó que hay un cierto optimismo exagerado sobre la posibilidad de arreglar problemas con una reforma constitucional. “Es un ejercicio político que raya la cancha del poder político. No es una solución para salud, educación y pensiones. Lo político es la medular de la reforma a la Constitución.”

Para Velasco, Chile tenía unas de las mejores institucionalidades políticas de la región, pero aún así, concurra con que era oportunas reformas. Las encuestas mostraban una gran desconfianza en las instituciones y en los políticos. “Todos esos índices se fueron al suelo. Eso muestra que cabía una reforma. Esas instituciones no son las más adecuadas para un país más moderno, más educado y más polizado”, manifestó.

“Una reforma constitucional requiere arquitectura y una noción política muy fina”, afirmó. Delimitar, por ejemplo, el campo de acción del poder presidencial, el sistema electoral, la relación entre Santiago y las regiones “son temas difíciles de resolver, que generan algo de incertidumbre y de incertidumbre. Falta mucho para saber qué texto va a emergir.”

Lito

Para Andrés Velasco el gran asunto en litio no está en quien explota el producto primario sino en cómo mover al país en la cadena de valor, por ejemplo, con la fabricación de baterías para automóviles y productos electrónicos, o de autos eléctricos. “Ninguna empresa en Chile tiene el know-how suficiente.”

Consideró que establecer una empresa nacional del litio como propuso el presidente electo Boric es una buena idea. Pero, además, sugirió que el Gobierno mantenga el pragmatismo necesario para realizar alianzas y asociaciones que a su vez le permitan adquirir el conocimiento y la tecnología desarrollada por otros. “Lo que Teila o las empresas canadienses, chinas o europeas pueden tener.”

Economía

La economía chilena tuvo un buen crecimiento en 2021, más acelerado que el del resto de la región, pero tiene una proyección mediana para 2022, afirmó Andrés Velasco. “Las predicciones varían, pero están en 2%-3%, lo que no da para sentirse muy optimista de que se muevan para mover grandes recursos y desarrollar planes ambiciosos.”

De otra parte, dijo, hay que recuperar la salud fiscal. Las condiciones de la deuda pública chilena eran las mejores de la región junto con las de Perú. Las obligaciones impuestas por la pandemia derrumbaron la posibilidad de aumentar la deuda y por eso la nueva administración del país tendrá que tomar decisiones difíciles de contención de gasto o de establecer nuevos impuestos. El presidente electo informó su voluntad de promover un pacto tributario. “Está bien que la carga tributaria suba, porque el mayor nivel de desarrollo genera más demanda de bienes públicos por la ciudadanía.”

Estimó que Chile tenía unas de las mejores institucionalidades políticas de la región, pero aún así, concurra con que era oportunas reformas. Las encuestas mostraban una gran desconfianza en las instituciones y en los políticos. “Todos esos índices se fueron al suelo. Eso muestra que cabía una reforma. Esas instituciones no son las más adecuadas para un país más moderno, más educado y más polizado”, manifestó.

“Un cambio de constitución requiere arquitectura y una noción política muy fina”, afirmó. Delimitar, por ejemplo, el campo de acción del poder presidencial, el sistema electoral, la relación entre Santiago y las regiones “son temas difíciles de resolver, que generan algo de incertidumbre y de incertidumbre. Falta mucho para saber qué texto va a emergir.”
Commodities boost LATAM surpluses in 2021

Latin America and the Caribbean are expected to record a significant rebound in 2021 overall trade, according to the Economic Commission for Latin America and the Caribbean (ECLAC), and an analysis by Trade Data Monitor, the world’s premier source of trade statistics.

Significantly for balance of payments, big increase in key commodities have driven high trade surpluses, and an influx of currency into the region, especially in Brazil.

ECLAC now expects overall exports to increase by 25% in 2021 after falling 10% in 2020, on the back of a 17% rise in export prices and an 8% expansion in the volume of shipments. “The increase in the region’s goods exports in 2021 is due mainly to higher prices for basic products – above all minerals, hydrocarbons and agro-industrial products – more than greater volume,” ECLAC said.

Latam’s recovery is part of a wider rebound around the world. Fears about supply chains crumbling were unfounded. The $8.6 trillion global logistics industry, it turns out, is big enough to get goods from any producer to almost any buyer or consumer on earth. The WTO expects global trade to increase by 10.8% in 2021, and by 4.7% in 2022. According to UNCTAD, total imports and exports of goods were $3.6 trillion in the third quarter of 2021, a new quarterly record. Total trade in goods and services is expected to reach $28 trillion for 2021.

Boosted by massive shipments of soybeans and iron ore, Brazil registered a trade surplus of $58.4 billion over the first ten months of 2021, up from $45.2 billion over the same time period in 2020. Argentina increased its trade surplus to $13.9 billion over the first ten months of 2021, from $12.5 billion over the same time period in 2020, thanks to an increase in cereal exports.

However, things were tougher for countries without big commodity industries. Colombia’s trade deficit increased to $13.1 billion in the first ten months of 2021, from $7.9 billion. In part, that was because its trade deficit with China rose to $7.4 billion from $5.6 billion.

One trend that is sure to benefit Latin America is the boom in electric vehicles, which need batteries, and an industrial supply chain dependent on commodities like lithium, in which Latin America is rich. Electric car sales are expected to top $800 billion in value by 2027, double their current value. That’s boosted the trade in materials related to making batteries. Chinese exports of lithium batteries increased 78% to $25 billion from $14 billion during the first 11 months of 2021. It’s getting raw materials from Latin America. The world’s top two exporters of the raw material needed to make electric batteries – lithium carbonate – are Chile and Argentina, according to an analysis by TDM. But now the Latin American countries have been changing where they ship the material crucial to manufacturing electric vehicles. Increasingly, they’re sending lithium to China instead of other key markets like Japan, South Korea and the U.S., according to TDM.

*2021: PROJECTION BASED ON CURRENT DATASOURCE: TRADE DATA MONITOR LLC, JANUARY 2022

**Photo:** Courtesy Trade Data Monitor

---

**LATIN TRADE**

By John W. Miller
A path to the future

How Latin America can be part of Dubai’s trade expansion plans. Interview with the President and CEO of the Dubai Chamber of Commerce and Industry.

The future belongs to those who can imagine it, design it, and execute it. It isn’t something you await, but rather create.” This quote, by Sheikh Mohammed Bin Rashid Al Maktoum, Vice President and Prime Minister of the United Arab Emirates, is inscribed on the façade of Dubai Museum of the Future, that opened on February 22.

This idea seems to inspire the whole city. Dubai set a target of increasing the value of its global trade to $545 billion within the next five years. H.E. Hamad Buamim, President and CEO of Dubai Chambers, has already moved to reach the objective. He told Latin Trade his views on how Latin America could be part of this plan.

What Latin American countries has Dubai Chambers targeted as priority foreign markets?

Countries that offer particularly strong potential include Brazil, which in 2020 accounted for one-third of the Latin America and Caribbean region’s total GDP, Mexico and Argentina, Latin America’s second and third-largest economies, respectively; Colombia, which has been the region’s fastest-growing economy, and Peru, whose reforms have made it attractive for FDI. We can see the importance of these markets for Dubai through its top non-oil trade figures for the region. In H1 2021, Dubai-Latin America non-oil trade reached $3.67 billion, with Brazil making up the lion’s share of this with $890 million, Mexico following at $590 million and then Peru at $760 million. We believe that Dubai-based companies have an instrumental role to play in driving post-pandemic growth and recovery for every country in the Latam region, irrespective of their current trading status with Dubai.

Dubai Chambers signed a memorandum of understanding with Uruguay. Any specific projects that you would like to see carried out with this nation?

Dubai Chamber will use the terms of the agreement to facilitate access of those of our members who focus on food trade to Uruguay’s agricultural sector. With more than 69% of Uruguay’s total exports being agricultural-based products, the country can play a prominent role in Dubai’s and the UAE’s food security, an area that is a national priority. With the UAE moving from a carbon-based economy to one based on clean and renewable energy - as outlined in its UAE Net Zero 2050 strategy - there are also particularly strong synergies in this area, with Uruguay having taken the lead in renewable energy generation. With this in mind, we will be working to facilitate contact between our members who operate in this rapidly growing sector with their counterparts in Uruguay to open up new opportunities in each region.

Dubai Chambers targeted as priority foreign markets?

- Brazil
- Mexico
- Argentina
- Colombia
- Peru

What will be the main takeaway of the 2022 Global Business Forum Latin America?

The Global Business Forum Latin America (GBF LATAM 2022), taking place March 23-24 at Expo 2020 Dubai, will serve as a catalyst for expanding Dubai’s trade relationships with Latin American countries. As the largest event of its kind in the region, GBF LATAM is an ideal platform to learn about business opportunities emerging across Latin America and foster cross-border business partnerships.

We envisage that a key takeaway will be the opportunities that will come from the Pacific Alliance, the digital transformation of Latin American economies changing dynamics of business in the region following the pandemic. We aim to show Dubai’s experience in this area, which has seen its economic resilience boosted by accelerated digitalization and an increased focus on startup ecosystems - bright spots that show a way forward for both regions and highlight potential synergies between the business communities of Dubai and Latam.

“We believe that Dubai-based companies have an instrumental role to play in driving post-pandemic growth and recovery for every country in the Latam region.”

What Latin American countries has Dubai Chambers targeted as priority foreign markets?

Countries that offer particularly strong potential include Brazil, which in 2020 accounted for one-third of the Latin America and Caribbean region’s total GDP, Mexico and Argentina, Latin America’s second and third-largest economies, respectively; Colombia, which has been the region’s fastest-growing economy, and Peru, whose reforms have made it attractive for FDI. We can see the importance of these markets for Dubai through its top non-oil trade figures for the region. In H1 2021, Dubai-Latin America non-oil trade reached $3.67 billion, with Brazil making up the lion’s share of this with $890 million, Mexico following at $590 million and then Peru at $760 million. We believe that Dubai-based companies have an instrumental role to play in driving post-pandemic growth and recovery for every country in the Latam region, irrespective of their current trading status with Dubai.

Dubai Chambers signed a memorandum of understanding with Uruguay. Any specific projects that you would like to see carried out with this nation?

Dubai Chamber will use the terms of the agreement to facilitate access of those of our members who focus on food trade to Uruguay’s agricultural sector. With more than 69% of Uruguay’s total exports being agricultural-based products, the country can play a prominent role in Dubai’s and the UAE’s food security, an area that is a national priority. With the UAE moving from a carbon-based economy to one based on clean and renewable energy - as outlined in its UAE Net Zero 2050 strategy - there are also particularly strong synergies in this area, with Uruguay having taken the lead in renewable energy generation. With this in mind, we will be working to facilitate contact between our members who operate in this rapidly growing sector with their counterparts in Uruguay to open up new opportunities in each region.

Dubai Chambers targeted as priority foreign markets?

- Brazil
- Mexico
- Argentina
- Colombia
- Peru

What will be the main takeaway of the 2022 Global Business Forum Latin America?

The Global Business Forum Latin America (GBF LATAM 2022), taking place March 23-24 at Expo 2020 Dubai, will serve as a catalyst for expanding Dubai’s trade relationships with Latin American countries. As the largest event of its kind in the region, GBF LATAM is an ideal platform to learn about business opportunities emerging across Latin America and foster cross-border business partnerships.

We envisage that a key takeaway will be the opportunities that will come from the Pacific Alliance, the digital transformation of Latin American economies changing dynamics of business in the region following the pandemic. We aim to show Dubai’s experience in this area, which has seen its economic resilience boosted by accelerated digitalization and an increased focus on startup ecosystems - bright spots that show a way forward for both regions and highlight potential synergies between the business communities of Dubai and Latam.

“We believe that Dubai-based companies have an instrumental role to play in driving post-pandemic growth and recovery for every country in the Latam region.”
Guarding our common future

The Latin Trade One Day for the Amazon initiative: how to bring investment to one of the most sensitive spots on Earth.

The Amazon Basin is critically important to ecosystems worldwide. It provides 5% of the world’s oxygen. It contains 10 to 140 billion metric tons of carbon, which helps to stabilize global climate. It is also the most biodiverse place on Earth, containing 1 in 10 known species, a figure that keeps rising. New species of plants and animals have been found there since 1999. It also has a population of 30 million, including 1.5 million people in the Amazon’s indigenous communities. The eight-country Amazon Basin must undoubtedly be preserved for humanity. Especially now that it has been so badly hit by man and nature. It is well known that it has been the victim of extensive deforestation. Experts estimate that 5% of today’s global emissions come from the carbon dioxide released as a result of deforestation in the region and that this situation will worsen. The WAF calculates that at the current rate of deforestation, 27% of the Amazon biome will be without trees by 2030. The Amazon suffered its worst droughts in 100 years in 2005 and 2010 and, since 2000, rainfall has declined across 69% of the rainforest. Land degradation and warmer temperatures with colder winters, dry lakes and warmer temperatures with colder winters, may pass before this new norm produces effective deals. The First World could soon arrive in the Amazon. Engineers and scientists have already worked out how to use drones for multiple purposes. And, with Colombian and Ecuadorian banks, it has sponsored productive projects and scientific research. At the same time, the largest Brazilian private banks, Itaú, Bradesco, and Santander, have launched a plan aimed at contributing to sustainable development of the Brazilian Amazon. The plan includes ten actions based on three priorities: environmental conservation and the development of a bioeconomy; investment in sustainable infrastructure, and the guarantee of basic rights for the population of the region, Marcelo Pasquini, Head of Corporate Sustainability at Bradesco, said. Despite these efforts, mainstreaming bioeconomics will not be easy. In general, these ventures lack the size of competing mining or other projects. They also need long-term financing, and are financially risky, because many are based on untested processes or on developing new products and markets.

In addition, the IDB Group has co-financed initiatives with the private sector. With U.S.-based Salesforce, it has rolled-out plans to digitally transform small businesses. With Brazilian Nature it has promoted new uses to drones for multiple purposes. And, with Colombian and Ecuadorian banks, it has sponsored productive projects and scientific research. At the same time, the largest Brazilian private banks, Itaú, Bradesco, and Santander, have launched a plan aimed at contributing to sustainable development of the Brazilian Amazon. The plan includes ten actions based on three priorities: environmental conservation and the development of a bioeconomy; investment in sustainable infrastructure, and the guarantee of basic rights for the population of the region, Marcelo Pasquini, Head of Corporate Sustainability at Bradesco, said. Despite these efforts, mainstreaming bioeconomics will not be easy. In general, these ventures lack the size of competing mining or other projects. They also need long-term financing, and are financially risky, because many are based on untested processes or on developing new products and markets.

To solve this problem, Brazilian impact investor Sitawi, designed some of its projects, taking philanthropic dollars into blended finance mechanisms, to assure attractive returns for classic investors. Sitawi designed and implemented complex green-finance structures but, consistently, success requires more than financial engineering.

Routinely, Sitawi hand-picks promising businesses and then stays with them as mentor during the life of grants or loans. Furthermore, their job begins months before disbursement. For instance, the organization now works closely with 12 cooperatives and associations to make them loan-ready. Their method is laborious—and extraordinarily valuable—but it is unavoidable.

COOPERATION, A MUST

“The Amazon is too big to fail” The General Superintendent at Fundação Amazônia Sustentável, FAS, Virgílio Viana, uses this financial analogy to emphasize the need to funnel tens of billions of dollars to the region. The world already did this to rescue some failing banks in 2008. The case of preserving the Amazon Basin is significant compared to the price tag of a planet that continues to follow the current carbon-emission path. As obvious as it may seem, this is not an easy conversation: “Commodities are a $10 billion-a-year business in the Amazon. We have to put the same force on the side of the forest, on the opposite side of commercial agriculture”, Virgílio Viana.

"Commodities are a $10 billion-a-year business in the Amazon. We have to put the same force on the side of the forest, on the opposite side of commercial agriculture": Virgílio Viana.

"Governments are laggards in deep-climate action.” Conservation is expensive and weakened government budgets will not be able to simultaneously take care of deforestation and social demands. On the other hand, firms and consumers are ever more supportive of positive climate actions. “It is an inexorable trend”. Coordination seems to be a key concept in this discussion. Scars of good-hearted people and initiatives are doing good things in isolation, but better communication and joint action would be more effective, said Carolina Sulcue, CEO of venture philanthropy network, Latimpacto.

She is for partnerships between philanthropists and among other organizations. Latimpacto has developed a battery of impact indicators to assess climate and conservation opportunities in any of the eight Basin countries. This allows them to guide investor money in a more coordinated way across borders. Hopefully, funds will begin pouring into the Amazon in five to ten years. But today all those interested in guarding humanity’s common future have a difficult task at hand. To jointly come up with products and practical financial tools to attract investments. This region that roughly has the size of the 48 contiguous states of the United States, is one of the keys to avoid a disaster from which we could hardly return as a species.

Read the full interviews with Virgílio Viana and with Juan Pablo Bonilla at www.latintrade.com

For those not familiar with the jargon, bioeconomy is defined as the making of sustainable products that draw on cutting-edge technologies and local natural resources. It keeps rising more than 2,000 new species of plants and animals come from the carbon dioxide released as a result of deforestation in the region and that this situation will worsen. The WAF calculates that at the current rate of deforestation, 27% of the Amazon biome will be without trees by 2030. The Amazon suffered its worst droughts in 100 years in 2005 and 2010 and, since 2000, rainfall has declined across 69% of the rainforest. Land degradation and warmer temperatures with colder winters, may pass before this new norm produces effective deals. The First World could soon arrive in the Amazon. Engineers and scientists have already worked out how to use drones for multiple purposes. And, with Colombian and Ecuadorian banks, it has sponsored productive projects and scientific research. At the same time, the largest Brazilian private banks, Itaú, Bradesco, and Santander, have launched a plan aimed at contributing to sustainable development of the Brazilian Amazon. The plan includes ten actions based on three priorities: environmental conservation and the development of a bioeconomy; investment in sustainable infrastructure, and the guarantee of basic rights for the population of the region, Marcelo Pasquini, Head of Corporate Sustainability at Bradesco, said. Despite these efforts, mainstreaming bioeconomics will not be easy. In general, these ventures lack the size of competing mining or other projects. They also need long-term financing, and are financially risky, because many are based on untested processes or on developing new products and markets.

To solve this problem, Brazilian impact investor Sitawi, designed some of its projects, taking philanthropic dollars into blended finance mechanisms, to assure attractive returns for classic investors. Sitawi designed and implemented complex green-finance structures but, consistently, success requires more than financial engineering.

"Commodities are a $10 billion-a-year business in the Amazon. We have to put the same force on the side of the forest, on the opposite side of commercial agriculture": Virgílio Viana.

COOPERATION, A MUST

“The Amazon is too big to fail” The General Superintendent at Fundação Amazônia Sustentável, FAS, Virgílio Viana, uses this financial analogy to emphasize the need to funnel tens of billions of dollars to the region. The world already did this to rescue some failing banks in 2008. The case of preserving the Amazon Basin is significant compared to the price tag of a planet that continues to follow the current carbon-emission path. As obvious as it may seem, this is not an easy conversation: “Commodities are a $10 billion-a-year business in the Amazon. We have to put the same force on the side of the forest, on the opposite side of commercial agriculture”, Virgílio Viana.

"Commodities are a $10 billion-a-year business in the Amazon. We have to put the same force on the side of the forest, on the opposite side of commercial agriculture": Virgílio Viana.

"Governments are laggards in deep-climate action.” Conservation is expensive and weakened government budgets will not be able to simultaneously take care of deforestation and social demands. On the other hand, firms and consumers are ever more supportive of positive climate actions. “It is an inexorable trend”. Coordination seems to be a key concept in this discussion. Scars of good-hearted people and initiatives are doing good things in isolation, but better communication and joint action would be more effective, said Carolina Sulcue, CEO of venture philanthropy network, Latimpacto.

She is for partnerships between philanthropists and among other organizations. Latimpacto has developed a battery of impact indicators to assess climate and conservation opportunities in any of the eight Basin countries. This allows them to guide investor money in a more coordinated way across borders. Hopefully, funds will begin pouring into the Amazon in five to ten years. But today all those interested in guarding humanity’s common future have a difficult task at hand. To jointly come up with products and practical financial tools to attract investments. This region that roughly has the size of the 48 contiguous states of the United States, is one of the keys to avoid a disaster from which we could hardly return as a species.

Read the full interviews with Virgílio Viana and with Juan Pablo Bonilla at www.latintrade.com
“We need more trees and more leaves back”

In honor of Thomas Lovejoy (1941–2021)

Dr. Thomas Lovejoy: An American ecologist who was President of the Amazon Biodiversity Center, academic and an authority in environmental conservation.

“We need more trees and more leaves back” said in an interview with the New York Times.

He became one of the most respected researchers of tropical rainforests, but science and conservation were not enough for him. He worked at the World Wildlife Fund, the Smithsonian, and the World Bank, among other institutions. He advised the governments of Brazil and the United States. He created Debt for Nature Swaps, and coined the term “biological diversity”, which was later shortened to biodiversity.

Aside from preventing deforestation in Brazil, are there things we should do to conserve the basin? The important thing here is not only to prevent deforestation but to replace it with a sustainable form of development. This implies a serious revision of how to look at infrastructure, changing old ideas. Roads, railways, hydroelectric power plants (HES) blocking river flows. Replace them with more sustainable substitutes. For example, if a ranch has to be built, make it elevated so there is no spontaneous colonization. Billions never think about this. We should beat their heads and speak to them frankly, until they open their eyes.

How much should we work on safeguarding the sources of water of the Amazon river? The Amazon must be managed as a system. It produces rain. Today, with extensive use of fire, a 20% deforestation rate, and climate change we are right at the tipping point. This frequently shows up in discussions. We need more trees and more leaves back in Brazil to keep the hydrological cycle going. But Bolivia, Peru, and Colombia, they all have to be operating as a system.

Should the financial sector do better in this conservation endeavor? Perhaps some private sector initiatives are going on, but, in my view, they are quite sensitive to the idea of managing the Amazon as a system. The financial sector can do better by making information available to them. Have scientists to monitor what they are doing. Are they cutting trees? Get statistics on the bioeconomy, on aquaculture. Have statistics to monitor what they are doing. Are they cutting cycle going. But Bolivia, Peru, and Colombia, they all have to be operating as a system.

20% deforestation rate, and climate change we are right at the tipping point. This frequently shows up in discussions. We need more trees and more leaves back in Brazil to keep the hydrological cycle going. But Bolivia, Peru, and Colombia, they all have to be operating as a system.

Shifting the Amazon’s economy towards more sustainable models is essential. Development models, which we must recognize that poverty in the Amazon represents traditional lifestyles. Indigenous groups understand how to live sustainably on forest resources. They need broadband internet for education and health. But once they have it, the last thing these communities want to do is follow in the footsteps of urban centers. Many do not even want to leave these communities.

Bioeconomy. Production in the Amazon is much more than beef, timber, and minerals. Making them viable exports implies scaling some of the many things that have been tried.

Açaí is a good example. It was turned into a sustainable export crop. Aquaculture would be another option. Delicious, big fish live in the Amazon. Some are successfully produced by aquaculture in Brazil and Peru. We can turn that into a major export operation. It’s a matter of setting down, figuring it out, and getting funds. A day will come when prawns is as well-known as cod.

“Builders never think about this. We should beat their heads and speak to them frankly, until they open their eyes.”

The One Day for the Amazon Initiative

Amid a preliminary step on the road leading to the summit event, Latin Trade has invited a group of top players to help us shape the agenda for the 2022 One Day for the Amazon in New York.

Some takeaways from their conversation:

1. Business, not governments, are driving the quest for sustainability of the Amazon basin.
2. Governments have been slow, at best, at financing public goods that would keep the forest standing: infrastructure, education, health, and public instruments to derisk investments.
3. Consumer and business-community demands have increased reputational risks for area and spoil-regressions.
4. Operational risks have increased for firms that depend on nature.
5. Operational risks have increased for firms that depend on nature.
6. Operational risks have increased for firms that depend on nature.
7. Operational risks have increased for firms that depend on nature.
8. Operational risks have increased for firms that depend on nature.
9. Operational risks have increased for firms that depend on nature.
10. Operational risks have increased for firms that depend on nature.
11. Operational risks have increased for firms that depend on nature.
12. Operational risks have increased for firms that depend on nature.
13. Operational risks have increased for firms that depend on nature.
14. Operational risks have increased for firms that depend on nature.
15. Operational risks have increased for firms that depend on nature.
16. Operational risks have increased for firms that depend on nature.
17. Operational risks have increased for firms that depend on nature.
18. Operational risks have increased for firms that depend on nature.
19. Operational risks have increased for firms that depend on nature.
20. Operational risks have increased for firms that depend on nature.
21. Operational risks have increased for firms that depend on nature.
22. Operational risks have increased for firms that depend on nature.
23. Operational risks have increased for firms that depend on nature.
24. Operational risks have increased for firms that depend on nature.
25. Operational risks have increased for firms that depend on nature.
26. Operational risks have increased for firms that depend on nature.
27. Operational risks have increased for firms that depend on nature.
28. Operational risks have increased for firms that depend on nature.
29. Operational risks have increased for firms that depend on nature.
30. Operational risks have increased for firms that depend on nature.
31. Operational risks have increased for firms that depend on nature.
32. Operational risks have increased for firms that depend on nature.
33. Operational risks have increased for firms that depend on nature.
34. Operational risks have increased for firms that depend on nature.
35. Operational risks have increased for firms that depend on nature.
36. Operational risks have increased for firms that depend on nature.
37. Operational risks have increased for firms that depend on nature.
38. Operational risks have increased for firms that depend on nature.
39. Operational risks have increased for firms that depend on nature.
40. Operational risks have increased for firms that depend on nature.
41. Operational risks have increased for firms that depend on nature.
42. Operational risks have increased for firms that depend on nature.
43. Operational risks have increased for firms that depend on nature.
44. Operational risks have increased for firms that depend on nature.
45. Operational risks have increased for firms that depend on nature.
46. Operational risks have increased for firms that depend on nature.
47. Operational risks have increased for firms that depend on nature.
48. Operational risks have increased for firms that depend on nature.
49. Operational risks have increased for firms that depend on nature.
50. Operational risks have increased for firms that depend on nature.

The One Day for the Amazon Initiative on August 25, it will bring together New York banks, investors, philanthropists, and private sector players. It will be the prime forum to discuss how to take funds and creative financial instruments to impactful projects in the Amazon Basin not to be missed!
**AMBIENTE DE HIELO**

El proyecto liderado por Argentina y Chile para proteger uno de los lugares más delicados de la Antártida.

Chocientos kilómetros al sur del Cabo de Hornos está la península Antártica. Por el área marina de esa península se libra una batalla diplomática liderada por Argentina y Chile, para preservar uno de los lugares ambientalmente más delicados del planeta. Los opositores a este empeño son –no hay gran sorpresa– China y Rusia. Desde 2015 los dos países sudamericanos promueven la creación de un área marina protegida en la península Antártica. La evidencia científica los da la razón. De todo el continente, la península es la más afectada, le dijo a Latin Trade la bióloga argentina, investigadora visitante de la Universidad de Boston, Andrea Capurro. Los glaciales se están derritiendo y las barreras de hielo retroceden rápidamente. El año pasado allí se alcanzaron temperaturas sin precedentes de 18 grados centígrados.

 Una parte del problema está en que los cambios veloces dejan a los sistemas que no alcanzan a adaptarse en umbrales de no retorno. Lo cierto es que el cambio climático avanza rápido y procesos que podían tomar siglos, ahora se pronostica que ocurran en décadas. El sistema marino polar “es mucho más inestable de lo que pensábamos”, explicó la experta.

El área marina de la península tiene un ecosistema único en el mundo. “Esta zona no sólo es la más afectada por el cambio climático, sino además es donde se concentra la mayor cantidad de krill antártico, y por ende donde está la mayor cantidad de predadores, que son especies embélicas como pingüinos, ballenas y focas.”

En una etapa de su vida el krill depende del hielo. Si éste se pierde, el krill no se desarrolla y desaparecería el alimento para las especies que dependen de él, añadió. El aumento de temperatura ya ha hecho que los bancos de krill migren hacia el sur, lo que reduce el tamaño de su hábitat usual.

Como si fueran pocas las amenazas naturales, pescadores industriales chinos y rusos, entre otros, toman este recurso justo en la zona de alimentación de las especies locales. “Hoy la pesca del krill es la más abundante en toda Antártida y se concentra especialmente en la península Antártica. Estamos intentando que pesquen en otro lugar. Que salgan de esas zonas que son tan sensibles para los predadores, para tratar de mantener un ecosistema sano.”

Con el retroceso del hielo, la experta teme que en el futuro los pescadores quieran abrir nuevas zonas de pesca en lugares que han permanecido intactos hasta hoy. En el mar de Weddell y en la península Antártica, el crustáceo no se desarrolla sin precedentes de 18 grados centígrados.

En el marco de la Convención para la Conservación de Recursos Vivos Marinos Antárticos, la organización del Tratado trabaja en la creación de un sistema de áreas marinas protegidas. Hoy sólo existen dos, pero están sobre la mesa propuestas para establecer nuevas áreas en la península Antártica, en el mar de Weddell y en la Antártida oriental.

El problema que enfrenta la propuesta de Argentina y Chile está en que las decisiones del Sistema se deben tomar por consenso y este consenso lo rompen China y Rusia. “Ambos tienen intereses pesqueros. Pero además, hay intereses geopolíticos detrás, que exceden en general lo que sucede en el ámbito antártico.”

¿QUÉ HACER?

La gobernancia de la Antártida está enmarcada en el Sistema del Tratado Antártico, “que ha logrado preservar este continente para la paz, la libertad de la investigación científica y la cooperación internacional”. En el marco de la Convención para la Conservación de Recursos Vivos Marinos Antárticos, la organización del Tratado trabaja en la creación de un sistema de áreas marinas protegidas. Hoy sólo existen dos, pero están sobre la mesa propuestas para establecer nuevas áreas en la península Antártica, en el mar de Weddell y en la Antártida oriental.

El problema que enfrenta la propuesta de Argentina y Chile está en que las decisiones del Sistema se deben tomar por consenso y este consenso lo rompen China y Rusia. “Ambos tienen intereses pesqueros. Pero además, hay intereses geopolíticos detrás, que exceden en general lo que sucede en el ámbito antártico.”

Los avances en COP26 pueden ser auspiciosos para el proyecto, pero piden llegar de prisa, sin embargo, tarde. En Glasgow se introdujo un párrafo sobre la importancia de los océanos en la crisis climática. “Aunque no tenga precedente –porque es increíble que hasta este año no se hayan involucrado nunca ese tipo de acciones–, hay que pasar a acciones concretas.”

En la práctica, sin presión sobre China y Rusia, difícilmente habrá cambios en Antártida en esta materia. “Hoy lo que necesitamos es que todos los Estados miembros del Sistema del Tratado les den acción a los compromisos que ya tomaron en su momento para generar este sistema de áreas marinas protegidas”, dijo de manera diplomática la bióloga argentina.

“NO SÓLO ES LA ZONA MÁS AFECTADA POR EL CAMBIO CLIMÁTICO, SIRO DÓNDE SE CONCENTRA LA MAYOR CANTIDAD DE KRILL ANTÁRTICO.”

CHINA Y RUSIA “TIENEN INTERESES PESQUEROS, TAMBIÉN HAY INTERESES GEOPOLÍTICOS DÉTRAS, QUE EXCEDEN EN GENERAL LO QUE SUCEDE EN EL ÁMBITO ANTÁRTICO.”

La Antártida no es una región aislada, insistió Andrea Capurro. Las corrientes polares se conectan con las corrientes oceánicas del Índico, el Pacífico, el Atlántico. “Ahi se distribuyen calor, energía, nutrientes. Lo que sucede en la Antártida tiene implicaciones muy importantes en todo el mundo”.

Tal vez con esa claridad la comunidad internacional decida empeñarse más en mantener la salud de los ecosistemas de la península Antártica, que adicionalmente es una de las zonas que tienen más investigación científica del continente. “Están presentes todos los miembros del Tratado.”

Los turistas pueden ser otros aliados en esta labor. A la península llega la mayor parte de quienes visitan la Antártida. “A los turistas se les puede considerar los centinelas de conservación. Pueden ser la herramienta que logre transmitir al resto del mundo la importancia de este continente, siempre que esté bien regulada la actividad.”

Como el Amazonas, el bosque tropical atlántico de Suramérica y el bosque tropical aero de América Central y el Caribe, Antártida es otra región que debería ser de particular interés para los latinoamericanos. Además, tiene un próximo paso claro: presionar a China y Rusia para que se sumen a las acciones de conservación de esta parte crítica del planeta.
Safer & Smarter Cities
Latin Trade Citizen Security Awards 2021

Three outstanding cases received the 2021 Latin Trade Citizen Security Awards. The Brazilian State of Ceará, in the category of ‘Usage of analytics for crime reduction’, the Colombian city of Medellin, in the category of ‘Edge analytics innovation’, and the Mexican city of Tlajomulco, in the category of ‘Tech Pioneers’.

For more than a decade, security has been a primary concern for the population in Latin America and the Caribbean. It is hardly surprising since the region remains the most violent in the world. With 13% of the world’s population, it represents 27% of the homicides. In addition to the tremendous cost in terms of human lives, homicide and violence take an economic toll that experts estimate at 3.5% of the region’s Gross Domestic Product every year.

In 2021, Latin Trade partnered with Dell Technologies, Intel Corporation, Intelligent Security Systems (ISS), and the World Bank, to hold a year-long conversation with leaders and senior officials, to discuss innovation, and share best practices in this critical area of citizen security.

The series of virtual, private, roundtables brought together ministers of state, governors, city mayors, secretaries of security, concession operators, managers of large mass transit systems, airline hubs and ports, and technology experts. Discussants explored ways to use technology to improve safety in Latin America’s cities and townships, and shared use cases, experiences, plans, and ideas.

The Citizen Security Awards ceremony closed this discussion cycle. An editorial board of distinguished experts selected the winners from projects all across Latin America and the Caribbean.

“We believe that the security of citizens is a vital element for the promotion of economic growth and development. It is a basic condition for investment,” said Latin Trade’s Executive Editor, Santiago Gutiérrez. More importantly, the infrastructure created to build safer societies can be also deployed to house sensors or processing equipment needed for smarter cities. “In this sense, the promotion of citizen security in Latin America is a basic requisite to unleash the grossly underexploited advantage of being the most urbanized region in the planet.”

T
2021 WINNERS

 USAGE OF ANALYTICS FOR CRIME REDUCTION

ENTADO DO CEARÁ, BRAZIL.

This is a vast regional endeavor with significant social impact. It sets an example for communities that want to extend the reach of these projects from cities to larger regions. The deployment of technological tools, like license plate recognition systems, led to a spectacular decrease in some forms of crime such as car theft. This was achieved by using analytics on videos and following thieves beyond city limits. The decentralized structure of the project avoids the problem of having a single person or group controlling the system.

EDGE ANALYTICS INNOVATOR

CITY OF MEDELLIN, COLOMBIA.

Analyzing data on the edge is a well-tested method but, with few exceptions, it has not been implemented in large urban settings. Medellín’s pioneering projects reduced operation and communication costs, and made the system fault tolerant, since it does not require real-time communications between the place where data is generated and a central hub.

TEST PIONEER

CITY OF TLAJOMULCO, MEXICO.

It was one of the first cities in Latin America to implement a license plate recognition system. It soon reaped substantial benefits from its decision, recovering stolen vehicles and sharply reducing this type of crime. Tlajomulco was the first city in the region to integrate in a single command center (C3), video, license plate recognition and behavioral analytics. More recently, the city locally hired expert gamers to bring their expanded attention span and the heightened visual sensitivity, to their C5 operations team.

SOME KEY NOTIONS

• Keynote speaker at the Awards Ceremony was Sameer Sharma, global General Manager of Smart Cities and Intelligent Transportation at Intel Corporation. Some takeaways from his presentation:

- Cities the world over worry about three common issues: public safety, mobility and sustainability. Safety is a concept that spans across these three buckets. For instance, in the U.S., one-half of the accidents and a quarter of the fatalities happen at traffic intersections. Sustainability is about the long-term safety of citizens. Safety needs to include, for instance, clean water, clean air, and adequate flood management.

- “Public safety evokes thoughts about reducing crime. Yes, that’s part of it, but it also a term that reflects the psychological safety that citizens need to feel. They have to be safe, but they also need to feel safe. It is important to convey to citizens that they can go about their daily lives without any threat to their safety.”

- “To effectively deal with the tsunami of data created every day, Edge AI and an ever-growing capacity on the Cloud have to come together. ‘Classic, legacy approaches, we already know, will not work.’ Artificial intelligence has to be deployed on the edge; that is, where data is created, whether it is a traffic camera, a safety camera, or a parking sensor.”

- Digital twin for urban planning. Everything in the physical world, roads, cars, public transit, will have a digital representation. It substantially improves policy analysis and simulations. Compute, for instance, optimal road expansion plans when a city wants to build an extra thousand houses.

- “Think big, start small, act fast.” Success in smaller chunks builds credibility with citizens.

- To build a digital twin, one needs to collect data from various sources: sensors of different types, historical data, and so on. This data then needs to be analyzed using AI and machine learning to get insights that can be used to make decisions. This is the essence of building a digital twin.”

- Latin Trade’s Executive Secretary for the region, José Gerardo Acevedo, Secretary of Public Security and Social Protection, Municipal President of Medellín, Colombia.


- The Colombian State of Ceará, in the category of ‘Usage of analytics for crime reduction’; the Mexican city of Tlajomulco, in the category of ‘Tech Pioneers’.

- City of Medellin, in the category of ‘Edge analytics innovation’.
La Ruta de SQM

Para dónde va la tercera empresa más grande del mundo por capitalización de mercado en la industria del litio. Entrevista con el vicepresidente ejecutivo de Lítio de la empresa chilena.

La revolución del lítio está cada vez más cerca. Si se sigue por la venta de vehículos eléctricos, que son una fuente creciente de demanda para este metal, en 2021 la facturación más que duplicó la de 2020, le dijeron a Latin Trade Carlos Díaz Ortiz, vicepresidente ejecutivo de Lítio de Sociedad Química y Minera de Chile, SQM. El ejecutivo de esta, la tercera empresa más grande del mundo por capitalización de mercado en la industria del lítio, habló sobre sus expectativas para el desarrollo del lítio 2021, y la facturación más que duplicó la de 2020, le dijo a Latin Trade Carlos Díaz Ortiz, vicepresidente ejecutivo de Lítio de Sociedad Química y Minera de Chile, SQM. El ejecutivo de esta, la tercera empresa más grande del mundo por capitalización de mercado en la industria del lítio, habló sobre sus expectativas para el desarrollo del lítio 2021, y la facturación más que duplicó la de 2020, le dijo a Latin Trade Carlos Díaz Ortiz, vicepresidente ejecutivo de Lítio de Sociedad Química y Minera de Chile, SQM. El ejecutivo de esta, la tercera empresa más grande del mundo por capitalización de mercado en la industria del lítio, habló sobre sus expectativas para el desarrollo del lítio 2021, y la facturación más que duplicó la de 2020, le dijo a Latin Trade Carlos Díaz Ortiz, vicepresidente ejecutivo de Lítio de Sociedad Química y Minera de Chile, SQM. El ejecutivo de esta, la tercera empresa más grande del mundo por capitalización de mercado en la industria del lítio, habló sobre sus expectativas para el desarrollo del lítio 2021, y la facturación más que duplicó la de 2020, le dijo a Latin Trade Carlos Díaz Ortiz, vicepresidente ejecutivo de Lítio de Sociedad Química y Minera de Chile, SQM. El ejecutivo de esta, la tercera empresa más grande del mundo por capitalización de mercado en la industria del lítio, habló sobre sus expectativas para el desarrollo del lítio 2021, y la facturación más que duplicó la de 2020, le dijo a Latin Trade Carlos Díaz Ortiz, vicepresidente ejecutivo de Lítio de Sociedad Química y Minera de Chile, SQM. El ejecutivo de esta, la tercera empresa más grande del mundo por capitalización de mercado en la industria del lítio, habló sobre sus expectativas para el desarrollo del lítio 2021, y la facturación más que duplicó la de 2020, le dijo a Latin Trade Carlos Díaz Ortiz, vicepresidente ejecutivo de Lítio de Sociedad Química y Minera de Chile, SQM. El ejecutivo de esta, la tercera empresa más grande del mundo por capitalización de mercado en la industria del lítio, habló sobre sus expectativas para el desarrollo del lítio 2021, y la facturación más que duplicó la de 2020, le dijo a Latin Trade Carlos Díaz Ortiz, vicepresidente ejecutivo de Lítio de Sociedad Química y Minera de Chile, SQM. El ejecutivo de esta, la tercera empresa más grande del mundo por capitalización de mercado en la industria del lítio, habló sobre sus expectativas para el desarrollo del lítio 2021, y la facturación más que duplicó la de 2020, le dijo a Latin Trade Carlos Díaz Ortiz, vicepresidente ejecutivo de Lítio de Sociedad Química y Minera de Chile, SQM. El ejecutivo de esta, la tercera empresa más grande del mundo por capitalización de mercado en la industria del lítio, habló sobre sus expectativas para el desarrollo del 2021, y la facturación más que duplicó la de 2020, le dijo a Latin Trade Carlos Díaz Ortiz, vicepresidente ejecutivo de Lítio de Sociedad Química y Minera de Chile, SQM. El ejecutivo de esta, la tercera empresa más grande del mundo por capitalización de mercado en la industria del lítio, habló sobre sus expectativas para el desarrollo del 2021, y la facturación más que duplicó la de 2020, le dijo a Latin Trade Carlos Díaz Ortiz, vicepresidente ejecutivo de Lítio de Sociedad Química y Minera de Chile, SQM. El ejecutivo de esta, la tercera empresa más grande del mundo por capitalización de mercado en la ...
Si fuera líder latinoamericano, no me sentaría a esperar para aceptar las propuestas de comercio de iniciativa de Estados Unidos”, dijo James Bacchus, exsenador de Estados Unidos y fellow del Cato Institute, en la Semana Latin Trade cuando se discutieron las perspectivas para el comercio exterior latinoamericano. Se refería a la posición de su país frente al comercio exterior.

“La política de comercio de Biden tiene más de continuación que de distanciamiento frente a la de Trump. Esto porque no hay gran respaldo al libre comercio ni en la Administración, ni en el Congreso de Estados Unidos”, añadió. “Hay cierto apoyo al multilateralismo, pero EE.UU. es bastante indiferente a su papel multilateral, cuando algo le impide hacer lo que quiere”.

América Latina ha estado notoriamente ausente de las principales discusiones comerciales, y también está perdiendo relevancia en los mercados globales de exportación, dijo a su vez Ricardo Meléndez-Ortiz, Asesor Estratégico de Latin Trade.

“América Latina se está resbalando en su compromiso comercial con todas las regiones del mundo, incluido el comercio intrarregional. Desde 2017, las exportaciones han mostrado constantemente una disminución anual en valor”, dijo. La pandemia hizo evidente cuán débil es la posición de América Latina en su participación en los procesos de producción fragmentados que dominan el escenario mundial. “Tiene una participación dramáticamente baja en las cadenas de valor globales, sólo superada por África”, añadió.

El comercio internacional y los flujos de inversión intrarregionales son factores obligados para el crecimiento de América Latina en el futuro. ¿Qué podemos esperar para lo que resta de 2022?
En resumen:

**Tendencias**
- Si bien el comercio se ha recuperado, hay que tener cuidado con la interpretación muy optimista de los datos que crecen fuertemente por el aumento de la inflación.
- Este año China se convertirá en el mayor comprador del mundo, sobrepasando a Estados Unidos.
- América Latina aumentará su participación en las importaciones de Estados Unidos.

**En Europa**
- Cuando se piensa en Latinoamérica desde Bruselas se piensa en la mayor influencia china. El comercio con China se ha multiplicado por 20 en los últimos 20 años.
- Hoy Europa es el mayor inversionista en la región. Tiene más invertido allí que en China, Japón o en otros países de Asia.
- El Green Deal, el Carbon Border Adjustment Mechanism y la legislación de deforestación europeas producirán una transformación masiva de las cadenas de valor.
- El ‘Efecto Bruselas’ y el ‘Green Deal’ parecen proteccionistas verde pero no lo son. No hay alternativa: el comercio y la inversión deben ser más sostenibles.

**Estados Unidos**
- La política de comercio de Biden tiene más de continuación que de distanciamiento frente a la de Trump. Esto porque no hay gran respaldo al libre comercio ni en la Administración, ni en el Congreso de Estados Unidos. Hay cierto apoyo al multilateralismo, pero EE.UU. es bastante indiferente a su papel multilateral.
- Los dos partidos respaldan el proteccionismo y la reaparición de aspectos de política industrial como los subsidios y las ayudas sociales. Es una situación difícil. Se denuncian las prácticas de política industrial china, pero EE.UU. tiene las suyas.
- Lo anterior quiere decir para Latinoamérica que Biden descubrirá el comercio demasiado tarde. “Si fuera líder latinoamericano, no me sentaría a esperar para aceptar las propuestas de comercio de iniciativa de Estados Unidos”. No es una política coherente y América Latina estará en medio del conflicto comercial de Estados Unidos y China.

**Diseño de política**
- El sector privado y no el gobierno debe ser el conductor del proceso de comercio. No es momento para que los gobiernos experimenten con políticas de comercio o política industrial.
- Es crucial definir una estrategia conjunta de comercio e inversión con China, Estados Unidos, Europa y África.
- Mejorar el comercio intrarregional con nuevos acuerdos necesita muy poco capital político. Por ahora, hay que prever el aumento en los aranceles y promover las asociaciones entre particulares.
- Estados Unidos no tiene una agenda clara de comercio con América Latina. De hecho Estados Unidos y Europa perdieron espacio frente a China en Latinoamérica. La región debe mantenerse independiente en la pelea de Estados Unidos contra China.

**Multi-lateralismo**
- Hay una tendencia a usar el comercio con propósitos geopolíticos y no económicos. Muchos objetivos geopolíticos no tienen sentido económico. Esto deriva en que Estados Unidos pierda su enfoque en los amigos de América Latina, Europa o Japón.
- El multilateralismo se fragmentó en la última década y ahora están sobre la mesa, los mismos problemas sin resolver.

**Participaron en esta discusión en la Semana Latin Trade:**
- JOHN MILLER, economista jefe de Trade Data Monitor.
- ANTONI ESTEVERDEORDAL, exdirector de Integración y Comercio del Banco Interamericano de Desarrollo.
- CONSTANZA NEGRI BIASUTTI, directora de Diplomacia Corporativa y Competitividad Comercial de la Confederación Nacional de la Industria (CNI) de Brasil.
- SHUNKO ROJAS, profesor del Institute of Global Law and Policy de la Escuela de Leyes de Harvard.
- RUPERT SCHLEIGELMILCH, director del Directorio General para Comercio de la Comisión Europea.
- JAMES BACCHUS, fellow del Cato Institute y presidente de la Comisión Global de Política Comercial y de Inversión de la Cámara de Comercio Internacional, ICC.

**Vea el artículo completo en www.latintrade.com**
Empirical research has slowly turned a fairly well-accepted speculation into something that now feels like a universal law of business administration: There is a strong and stable relationship between good managerial practices and superior firm performance. It is managerial structure, not just managerial talent, that drives better corporate outcomes.

Brazilian Professor of the Dyson School of Management at Cornell University, Daniela Scur, has been an active leader in a large-scale data-gathering project that helped confirm this connection.

In the past two decades, Daniela and the World Management Survey (WMS) project interviewed more than 20,000 executives in 35 countries to understand how best management practices drive productivity.

At the onset of the project, in 2002, it seemed like the WMS was trying to measure the unmeasurable, Daniela said. Researchers like Stanford’s Nicholas Bloom, LSE’s John Van Reenen, World Bank’s Renata Lemos, and Daniela Scur have since built a solid collection of evidence. We now know that strict adherence to good management methods makes a significant difference. Firms that adopt good practices are significantly more productive, more profitable, grow faster, and are more likely to be moved to a less demanding position.

One area that has the least cost. Something simple that will show employees how to work together, and to perhaps get a bonus,” she concluded.

To help management understand why targets were not met, she stated.

MEASURING WHAT MATTERS MOST

Like blood tests, the WMS examines dozens of indicators to determine the quality of managerial practices in four categories: operations management, performance monitoring, target setting, and people management. Market strategies are, of course, essential, but they are not evaluated because they are highly unstable. They swing in response to constant changes in the business environment.

From the long list of routines and methods that firms must have in place (see Box), Daniela selected three that are particularly important to Latin Americans: Management based on Key Performance Indicators (KPI) is one of them. Companies must set them, track them periodically, and share results with employees.

This might seem pretty obvious, but even big ones, Latin American firms do not do this right. “In Latin America and the Caribbean, in general, managers do not think it is important to share results of KPIs with employees,” Daniela Scur said. It is not that managers are malicious, but that they genuinely feel that employees do not need to know or that they do not care, she claimed.

Clear target-setting is another fundamental piece of good management that firms in the neighborhood do not excel at.

WMS observations during the pandemic confirmed a counterintuitive recommendation. Even in the most turbulent times, companies should set and monitor targets. They are vital tools not only to help reach goals, but more importantly, to help management understand why targets were not met, she stated.

Measuring people’s performance is yet another feature of good management that needs more attention in the region. A manager should know who the best performers are, use that information to reward those who excel, and swiftly lift weak performers to firm standards. A word of warning: that employees do not need to know or that they do not care.

WHERE DOES LAC STAND

The best firms in Latin America are just as good as those in the U.S. and Europe. Still, average Latin American firms are poor performers, Daniela Scur said, summarizing the findings of 20 years of surveys.

The good news is that “there is nothing fundamental that prevents them from being [top performers],” she argued.

CEOs might think that local cultures mortally wound the adoption of good managerial practices. However, their duty should be to find ways around these obstacles. For instance, there is the proverbial Latin American unpunctuality. If deadlines or times to start meetings flex and stretch out of respect for local customs, managers should compensate to keep the company always running on-time. “Meet over lunch, so there is no lost time at meetings,” she suggested.

Implementing best practices is not easy, professor Scur concedes. Introducing stricter systems and rigorous methods requires honest employee buy-in. Unreliable utilities, poor internet connections, recurring floods and natural conditions that shock production might result in employees believing that processes are worthless: that they are inexorably bound to fail.

Hence, building trust is as important for management as introducing new methods. Enter, for example, HR guidelines. Associates must feel that a poor performance assessment on a single month will not generate an automatic layoff slip. Instead, they should know that they will be asked to find a remedy to the situation or be moved to a less demanding position.

“At start small,” is another piece of advice. “Pick one area. One that has the least cost. Something simple that will show employees how to work together, and to perhaps get a bonus,” she concluded.

“In Latin America and the Caribbean, in general, managers do not think it is important to share results of KPIs with employees.”

Daniela Scur, Professor of the Dyson School of Management at Cornell University.
TRAIN THE CEO
The WMS proved beyond a reasonable doubt that best firms run on well-rooted, efficient managerial practices.
Nicholas Bloom, for instance, calculated that adopting good management practices in Indian firms “raised productivity by 17% in the first year through improved quality and efficiency and reduced inventory, and within three years led to the opening of more production plants.”

These findings beg the question: why do firms not adopt these profitable practices? Bloom identified two reasons: Informational barriers—the primary factor—and, weak competition that did not force badly managed firms to exit.

The first conclusions can be put differently: “Businessmen don’t know what they don’t know. They don’t know what they have to learn,” said the World Bank’s chief economist for Latin America, William Maloney.

According to Maloney, investments in managerial capacity are almost as necessary as sustained investment in infrastructure, education, energy, innovation and climate change mitigation, to get Latin America out of the current path of low economic growth.

There is great value in improving the quality of managers, he stressed. Some countries, for instance, subsidize management extension courses to narrow information gaps. “There will be no better companies if we do not improve the quality of our entrepreneurs.”

These observations lead to the conclusion that the corporate performance equation needs better leaders who can make sense of their environment, grasp opportunities, knowing individuals, but competent leaders who can invariably needs knowledgeable managers. Not all-educated managers in the region. Good management is the whole purpose of building a good team.

“Team performance depends on managers,” co-founder of the EdTech UBITS, Julián Melo, said. He believes that a superior manager shapes corporate culture, which in turn produces better long-time results. Good performance also depends on training, he stated. Mercado Libre permanently retrains its leadership team. Home Center sends its executives to top universities. Grupo Energía de Bogotá goes the extra mile, analyzing their executives’ brain quadrant dominance to best design customized training programs.

Business owners, Board members and C-suite executives will always get a perfect summary of best practices at top global universities. Still, they might find other ways to get a thorough understanding of the key methods in certain areas.

CEOs can be generalists, Melo said. Area leaders must know more than the CEO. “That is the whole purpose of building a good team. A CEO does not have to know more than the head of marketing,” he said. But beyond that, managers must learn soft skills to reduce frictions, align the team, communicate and sell the corporate vision.

Mastering digital and ESG requirements for businesses, suggested Francisco Prada, Corporate Governance Officer for Latin America and the Caribbean at the International Finance Corporation. Skills acquisition in these areas is so relevant that executive pay or incentives should be tied to education on these topics, Prada said.

A final question: Knowing this, when will Latin American business owners and top managers start lining up at the entrance to Stanford? Or Coursera?

Businessmen don’t know what they don’t know. They don’t know what they have to learn.”

---

With 87 million learners and 200 partner universities, Coursera deeply knows the ins and outs of higher education. Latin Trade spoke to the company’s CEO, Jeff Maggioncalda.

Technology takes center stage in this story. “Technology has transformed industry after industry,” Maggioncalda said. It has been the diver of advancement in the First World and a force of nature in the current business environment. A 100-country Coursera survey showed, for example, that 67% of employers accelerated automation in 2020-2021.

Technology also “ushered an era of remote work, that separated work from a place.” The new arrangement of distributed workforces fostered a trans-national model where talented, lower-cost people have a higher possibility of getting hired. In this scenario, training and education became key to open global job opportunities.

Simultaneously, fast-paced technological change made know-how blisteringly ephemeral. Obsolescence is particularly evident in some areas. The survey showed that the median life of skills in data science is seven years shorter than in all other occupations, Maggioncalda said. Technology-transformed higher education institutions can address the increase in demand. Technology lowered the cost of training and increased returns for students. In addition, shorter courses are being more demanded. “College degrees are not affordable to many, or not attractive to people working or those who do not want to relocate.”

Coursera’s response to this problem was to create 30-hour courses to digitally upskill any student. Thirty hours, not months, not years.

Demand has been kindled by firms like Google and IBM that actively hire people with the right skills and no college degree. Short courses have the added attraction that academic credits can be accumulated to gradually work towards a professional degree.

More than 50 nations, including Barbados, entrusted the training of their government officials to Coursera. In Morocco, 13 universities with 80,000 partnered with Coursera to widen their curricula.

Social inclusion, income distribution, employment and other public policy concerns aside, doesn’t this model provide hints to managers who have to know what’s happening in the world around them?
1. Introducing Lean (Modern) Techniques. Score 5: All major aspects of modern/lean manufacturing have been introduced (Just-in-time, automation, flexible workforce, support systems, attitudes and behavior) in a formal way.

2. Rationale for Introducing Lean (Modern) Techniques. Score 5: Modern (Lean) manufacturing techniques were introduced to enable us to meet our business objectives (including costs, but not just to cut costs).

3. Process Documentation and Continuous Improvement Score 5: Exposing problems in a structured way is integral to individuals’ responsibilities, and resolution occurs as a part of normal business processes rather than by extraordinary effort/teams.

4. Performance Tracking. Score 5: Performance is continuously tracked and communicated, both formally and informally, to all staff using a range of visual management tools.

5. Performance Review Score 5: Performance is continually reviewed, based on indicators tracked. All aspects are followed up to ensure continuous improvement. Results are communicated to all staff.

6. Performance Dialogue Score 5: Regular review/performance conversations focus on problem-solving and addressing root causes; Purpose, agenda and follow-up steps are clear to all. Meetings are an opportunity for constructive feedback and coaching.

7. Consequence Management Score 5: A failure to achieve agreed targets drives efforts in identified areas of weakness or moving individuals to where their skills are appropriate.

8. Types and Balance of Targets Score 5: Goals are a balance of financial and non-financial targets. Senior managers believe the non-financial targets are often more inspiring and challenging than financials alone (e.g. 60% market share by 2020).

9. Interconnection of Targets Score 5: Corporate goals focus on shareholder value. They increase in specificity as they cascade through business units, ultimately defining individual performance expectations.

10. Time Horizon of Targets Score 5: Long-term goals are translated into specific short-term targets so that short-term targets become a “staircase” to reach long-term goals.

11. Target Stretch Score 5: Goals are genuinely demanding for all divisions. They are grounded in solid economic rationale.

12. Clarity and Comparability of Goals Score 5: Performance measures are well-defined, strongly communicated and reinforced at all reviews; performance and rankings are made public to induce competition.

13. Instilling a talent mindset/Managing Talent Score 5: Senior managers are evaluated and held accountable for the strength of the talent pool they actively build.

14. Building a High-Performance Culture through Incentives and Appraisals Score 5: We strive to outperform the competition by providing ambitious stretch targets with clear performance-related accountability and rewards.

15. Removing Poor Performers/Making Room for Talent Score 5: We move poor performers out of the company or to less critical roles as soon as a weakness is identified.

16. Developing Talent and Promoting High-Performers Score 5: We actively identify, develop and promote our top performers.

17. Distinctive Employee Value Proposition Score 5: We provide a unique value proposition above our competitors to encourage talented people to join our company.

18. Retaining Talent Score 5: We do whatever it takes to retain our talent.

CÓMO AFECTARÍA LA INVASIÓN RUSA A UCRANIA AL COMERCIO DE AMÉRICA LATINA Y EL CARIBE.

Las ondas económicas de las sanciones por la invasión de Rusia a Ucrania se sienten en toda el mundo, con mayor rigor en unas áreas que en otras. Con datos proporcionados por Trade Data Monitor, se puede ver el efecto que tendría, país por país, la suspensión del comercio de exportaciones de Rusia con la región.

Efectos colaterales

<table>
<thead>
<tr>
<th>País</th>
<th>Exportaciones de Rusia hacia América Latina y el Caribe 2021 (CIFRAS EN DÓLARES)</th>
<th>Importaciones de Rusia desde América Latina y el Caribe 2021 (CIFRAS EN DÓLARES)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Brasil</td>
<td>12,721,062,530</td>
<td>8,931,121,940</td>
</tr>
<tr>
<td>México</td>
<td>5,264,978,954</td>
<td>2,222,707,709</td>
</tr>
<tr>
<td>Ecuador</td>
<td>3,492,923,033</td>
<td>1,609,034,261</td>
</tr>
<tr>
<td>Bolivia</td>
<td>294,208,100</td>
<td>1,209,432,992</td>
</tr>
<tr>
<td>Argentina</td>
<td>298,300,000</td>
<td>846,394,239</td>
</tr>
<tr>
<td>Perú</td>
<td>208,382,683</td>
<td>712,813,652</td>
</tr>
<tr>
<td>Colombia</td>
<td>152,405,828</td>
<td>393,860,481</td>
</tr>
<tr>
<td>Santa Lucía</td>
<td>269,899,008</td>
<td>214,542,676</td>
</tr>
<tr>
<td>Puerto Rico</td>
<td>209,501,879</td>
<td>226,948,940</td>
</tr>
<tr>
<td>Guatemala</td>
<td>182,829,293</td>
<td>129,693,881</td>
</tr>
<tr>
<td>República Dominicana</td>
<td>145,359,229</td>
<td>103,064,604</td>
</tr>
<tr>
<td>Honduras</td>
<td>143,302,389</td>
<td>61,358,209</td>
</tr>
<tr>
<td>Chile</td>
<td>99,909,427</td>
<td>39,086,429</td>
</tr>
<tr>
<td>República Dominicana</td>
<td>93,707,843</td>
<td>39,588,295</td>
</tr>
<tr>
<td>Cuba</td>
<td>66,673,060</td>
<td>35,595,844</td>
</tr>
<tr>
<td>Panamá</td>
<td>1,013,804</td>
<td>16,218,042</td>
</tr>
<tr>
<td>Costa Rica</td>
<td>52,230,000</td>
<td>14,025,704</td>
</tr>
<tr>
<td>El Salvador</td>
<td>51,831,994</td>
<td>4,443,738</td>
</tr>
<tr>
<td>Belice</td>
<td>47,339,157</td>
<td>3,200,700</td>
</tr>
<tr>
<td>Paraguay</td>
<td>40,398,385</td>
<td>1,005,700</td>
</tr>
<tr>
<td>Barbados</td>
<td>38,522,819</td>
<td>984,717</td>
</tr>
<tr>
<td>Haití</td>
<td>22,298,673</td>
<td>486,239</td>
</tr>
<tr>
<td>Santo Tomé</td>
<td>3,498,165</td>
<td>324,889</td>
</tr>
<tr>
<td>Guyana</td>
<td>2,102,722</td>
<td>240,744</td>
</tr>
<tr>
<td>Trinidad y Tobago</td>
<td>1,918,716</td>
<td>234,264</td>
</tr>
<tr>
<td>Venezuela</td>
<td>1,257,671</td>
<td>148,161</td>
</tr>
<tr>
<td>Cuba</td>
<td>1,053,200</td>
<td>53,332</td>
</tr>
<tr>
<td>San Vicente</td>
<td>698,052</td>
<td>42,080</td>
</tr>
<tr>
<td>República Dominicana</td>
<td>607,229</td>
<td>29,052</td>
</tr>
<tr>
<td>Suriname</td>
<td>386,070</td>
<td>8,364</td>
</tr>
<tr>
<td>Otros</td>
<td>601,245</td>
<td>3,086</td>
</tr>
</tbody>
</table>
¿Qué hace prosperar a una ciudad?

Cinco condiciones que requieren las ciudades para ofrecer mejores condiciones a sus habitantes.

Entrevista con el profesor de LSE Andrés Rodríguez-Pose

Así las ciudades necesitan tamaño, densidad, talento, conexiones internacionales y buenas instituciones para prosperar, dijo el profesor de geografía económica de la London School of Economics Andrés Rodríguez-Pose en entrevista con Latin Trade.

La teoría de los últimos 30 años sostiene que el tamaño y la densidad son las claves para aprovechar su dinamismo de una ciudad. “Si fuera por eso, las ciudades latinoamericanas destacarían en el mercado mundial. Pequeña pero utiliza bien el talento y la atracción de migrantes, en condiciones de mayor tamaño”, dijo. Ciudadanos como Lima, São Paulo, Bogotá y Città del mundo”, dijo. Ciudades que son las variables que determinan el dinamismo de una ciudad. “Si fuera por eso, las ciudades latinoamericanas tendrían que ser de las más dinámicas del mundo”, dijo. Ciudades que son las variables que determinan el dinamismo de una ciudad. “Si fuera por eso, las ciudades latinoamericanas tendrían que ser de las más dinámicas del mundo”, dijo.

¿Por qué no son más dinámicas? Porque “el tamaño y la densidad ayudan, pero no lo son todo. Es, sobre todo, lo que ‘se pone’ en la ciudad”, explicó. Así hay lugares más pequeños que funcionan mejor porque tienen tres elementos adicionales. El talento adecuado que no sólo tienen, sino que atraen y lo utilizan de manera adecuada. De otro lado, las conexiones adecuadas con el resto del mundo. Cuentan con la conectividad de transporte correcta y con las empresas y las personas que trabajan con innovadores en otros lugares del planeta. Finalmente, además poseen una calidad institucional superior. Mencionó como ejemplo a Zúrich, Viena y Ginebra, que son ciudades mucho más pequeñas y menos densas, pero que tienen las demás características. Dentro de las latinoamericanas destacó a Florianópolis en Brasil. Pequeña pero utiliza bien el talento endógeno y lo atrae, genera empresas competitivas y usa el dinamismo de las empresas locales, y tiene la calidad institucional adecuada.

Las ciudades pueden reducir la desigualdad con crecimiento económico y oportunidades de empleo.

DESIGUALDAD

En América Latina, la región más desigual del planeta, las ciudades pueden jugar un papel importante como la herramienta igualadora. Si se las abandonan a las fuerzas demográficas y económicas, el resultado puede ser perverso. “Las ciudades son centros de oportunidad, pero son también centros importantes de desigualdad”, afirmó. Sin embargo, Andrés Rodríguez-Pose afirmó que pueden reducir la desigualdad con crecimiento económico y oportunidades de empleo. Las ciudades deben establecer empleos y políticas inclusivas de empleo a todos los niveles, pero especialmente en aquellos que pueden absorber la demanda de mano de obra. Si se las abandonan a las fuerzas demográficas y económicas, el resultado puede ser perverso. “Las ciudades son centros de oportunidad, pero son también centros importantes de desigualdad”, afirmó. Sin embargo, Andrés Rodríguez-Pose afirmó que pueden reducir la desigualdad con crecimiento económico y oportunidades de empleo. Las ciudades deben establecer empleos y políticas inclusivas de empleo a todos los niveles, pero especialmente en aquellos que pueden absorber la demanda de mano de obra. Si se las abandonan a las fuerzas demográficas y económicas, el resultado puede ser perverso. “Las ciudades son centros de oportunidad, pero son también centros importantes de desigualdad”, afirmó. Sin embargo, Andrés Rodríguez-Pose afirmó que pueden reducir la desigualdad con crecimiento económico y oportunidades de empleo. Las ciudades deben establecer empleos y políticas inclusivas de empleo a todos los niveles, pero especialmente en aquellos que pueden absorber la demanda de mano de obra. Si se las abandonan a las fuerzas demográficas y económicas, el resultado puede ser perverso. “Las ciudades son centros de oportunidad, pero son también centros importantes de desigualdad”, afirmó. Sin embargo, Andrés Rodríguez-Pose afirmó que pueden reducir la desigualdad con crecimiento económico y oportunidades de empleo. Las ciudades deben establecer empleos y políticas inclusivas de empleo a todos los niveles, pero especialmente en aquellos que pueden absorber la demanda de mano de obra. Si se las abandonan a las fuerzas demográficas y económicas, el resultado puede ser perverso. “Las ciudades son centros de opportuni...
The unfinished story of the Pan-American Highway

A conversation with historian Eric Rutkow about a construction project that closely parallels the fate of pan-Americanism. The story of the 19,000-mile Pan-American Highway that stretches from Alaska to Panamá, and from Colombia to Chile and Argentina, is perhaps more than anyone would like to accept - a clear reflection of failed regional integration, and of the nature of U.S.-Latin American relations.

University of Central Florida historian, Eric Rutkow, is an expert on the Pan-American Highway. He rightly calls this road “the longest line on the map,” which is also the title of his latest book.

GOOD ROADS

The Americas were never linked by rail in the 19th century. Railways, one of the most potent engines of growth in the United States, barely crossed the Mexican border. Political differences among countries, corruption, and geographical obstacles buried the plan, entertained by many Washington politicians and U.S. entrepreneurs, of a transnational railroad. In the end, Venustiano Carranza left the few tracks that had been laid to, as Rutkow put it, “rust in the wilderness.”

As the idea of a Pan-American railway evaporated, a novel project gained traction. That of a road that would connect the entire Hemisphere.

The proposal had its origins in the Good Roads Movement, established in the United States in 1880 to promote bicycle pathways. However, with automobiles gaining popularity in the 1920s, the members of the Movement became passionate advocates for a countrywide highway network. Interstate roads transporting tourists and cargo had the potential to unite a divided nation still healing from the wounds of the Civil War, and would fuel the development of the nascent automobile industry, Rutkow told Latin Trade.

At the same time, despite the aggressive Big Stick diplomacy of the first decade of the 20th century, Pan-Americanism managed to stay alive. World War I drove Europe out of the Americas economically and the United States soon moved in to fill the vacuum, said Rutkow. In the midst of the economic effervescence of the 20s, the U.S. shared its domestic enthusiasms with its neighbors. “Road building was one [of these enthusiasms].”

At that time, the list of supporters of Pan-Americanism closely overlapped with backers of the Good Roads Movement, Rutkow stated. For instance, the agenda of the Sixth Pan-American Conference, held in Havana in 1928, included sessions to discuss the regulation of international automotive traffic, and to consider the results of the Pan-American Highway Conference held in Buenos Aires in October 1925.

The dream of an international highway was powerful enough to see construction started on the project, but not to get fast results. The ‘Convention on the Pan-American Highway’ was signed in 1937 and, thirteen years later, in 1950, Mexico became the first Latin American country to complete its stretch of the road.

THE ROADBLOCKS

Political antagonisms and Latin America’s insufficient interest in integration resulted in intermittent operation of the motorway, Rutkow claimed. It often sat idle – a useless fixture in the region’s geography. The Mexico-Panama stretch of the road officially opened in 1963, but was not put into use until 1967. A mere two years later, in 1969, the Soccer War between El Salvador and Honduras shut the borders of these nations making the road inoperable for Pan-American traffic. The Sandinista uprising in Nicaragua in the 80s, and Mareas in El Salvador in the 2000s, also made the crossing impossible.
HISTORY

The Darién Gap, a 66-mile-wide rainforest patch between Panama and Colombia, still splits the highway in two. There was an initial U.S.-funded drive to cut across in the 70s, but this was criticized by environmentalists, and in 1974 the U.S. government reversed the decision. The Gap was found to serve as a sanitary blockade to avoid the spread north of foot-and-mouth disease. This natural obstacle has been seen as an obstruction to, in turn, the overland movement of drugs into the U.S., in the 80s and 90s, and the migration of humans northwards in the 2000s.

The northern portion of the divided highway reasonably fulfilled the interests of the United States: it opened a market for its cars, and more importantly, it offered a link to its canal in Panama. It did not do much, however, to promote integration and intra-regional trade.

Pulling these considerations together, Rutkow feels that cutting across the Cap now would not generate benefits that would clearly outweigh the great environmental costs it would entail.

THE NAMES BEHIND THE HIGHWAY

Historian Eric Rutkow mentioned a number of key figures that moved United States resources and diplomatic efforts towards building a Pan-American Highway: the Drake brothers, J. Walter and Joseph Drake were investors and, eventually, managers of the Hupp Motor Car Company. While car makers like Ford believed that selling automobiles would trigger the demand for roads, the Drake brothers tried to convince Washington that, on the contrary, good roads encouraged car sales. They saw roads in Latin America as a way to create new markets for U.S.-made autos.

Thomas H. McDonald. Headed the Bureau of Public Roads from 1919 to 1953. As Commissioner of Highways, he marketed interstate highways at a time when railroads had all the prestige and the political resources. His ingenious campaigns led to the creation of 3.5 million miles of interstate roads. He promoted the idea of taking the Good Roads Initiative south of the U.S. border, and took a trip to personally inspect the military road from Tapachula, Mexico to San José, Costa Rica during WWII. Buy D. Chapin, a prestigious automotive industry executive (heading the American Motors Corporation from 1967 to 1977), he joined the United States government under the “dollar-a-year men” volunteer program during World War II. He saw road projects in Latin America as a matter of U.S. national defense.

PAN-AMERICANISM

In 2006, the New York Times’s Jake Silverstein described the Pan-American Highway as “a system so vast, so incomplete, and so incomprehensible it is not so much a road as it is the idea of Pan-Americanism itself.’’ But will Pan-Americanism be as weak in the future as it is today?

Hemispheric integration received a hard blow in 1946, when the United States replaced regional political and trade agreements with a global architecture centered around the United Nations. “Arrogance, greed and the Cold War,” were other elements that, according to Rutkow, undermined regional cohesion.

Nonetheless, integration and Pan-Americanism will perhaps make a comeback. Demographics in the United States will help. “The United States will be one-fourth the world’s population in 2070,” Rutkow stated. This composition will possibly give way to bipartisan agreement in Washington on the need to attract Latin America into the United States’s orbit again. But only time will tell.

CULTURA

PARA PICAR LA CURIOSIDAD

¿SE PODRÍA ACASO DESARROLLAR UN MERCADO PARA UNA JOYA ARTESEANAL GASTRONÓMICA DE LA AMAZONIA?

En el sur de América a los pimientos picantes se les llama aji. Emplean la palabra de origen quechua en lugar de la palabra ‘chile’, que es de origen náhuatl y se usa en América central.

El aji Yukitania o Pururí se produce en la región del Vaupés, en la Amazonía colombiana. Rafael Peralta lo vende en cantidades muy pequeñas a un grupo de fanáticos, en su almacén de especias de Bogotá.

La cantidad es tan reducida porque este pícano se cultiva en pequeñas parcelas selváticas. De hecho, el año pasado sólo recogieron tres kilogramos para vender.

¿Cuánto pagarían los gourmends del mundo por esta raraza? ¿Por cuánto destacan oquemientos de preciosos fetiches? No hay puntos de referencia exactos, pero un gramo de azafrán, que tiene otro valor maravilloso, puede valer entre 12583 y 138150.

A pesar de la promesa de rentabilidad financiera, Rafael es más bien escéptico frente a la posibilidad de realizar rápidamente y de mantener este tipo de proyectos, porque ha visto los pobres resultados de programas con pimienta y vainilla en otros lugares de su país. Una organización de cooperación internacional lleva unos cinco años tratando de comercializar vainilla, que es un ingrediente fundamental en nuestro país. Hasta ahora, la producción va en 10’z” varías” de vainilla al año, dijo. Pero quizás pensando en sostenibilidad, esa sea la manera lógica de hacerlo: 10’z” varías” a la vez y no mucho más.

La tarea de preservar el Amazonas es compleja y ya mucho más allá de identificar un producto maravilloso. Tal vez requiera la mezcla de proyectos de gran escala, financieros e industriales, y a la vez desarrollar mercados de nicho, tan pequeños y especiales como el que hoy tiene el aji Yukitania.

LA YUKITANIA

es una preparación ancestral elaborada con aji amazónico, una de las plantas de poder de la selva. Es una preparación tradicional de diferentes variedades de ajies ahumados o secos al sol y mezclados con sal.

Es el pícano tradicional de los pueblos indígenas de la Amazonía Colombiana.

LA OFERTA DE ESTE PRODUCTO NO PUEDE AUMENTAR, NI SI SE PAGARA A PRECIO DE ORO.
O Novo Modelo Social

By Ingo Flüger

As democracias, o voto se dá para aquele candidato ou partido, que melhor interpreta a resolução de seus problemas. E os ventos mostram que a pauta social é fortemente predominante nos países em desenvolvimento, pela perspectiva social. A Europa, mostra sua preferência, recentemente pelas eleições alemãs, pelo social ambiental e liberal. Na nossa América Latina, as mais recentes eleições, vão na direção da resolução dos temas sociais, como no Peru, Honduras e recentemente no Chile.

Tomando o Chile como um exemplo pela vitória do jovem Gabriel Boric, de 36 anos, que para o segundo turno se deslocou mais ao centro do que para a radical esquerda. Pelas suas declarações recentes percebe-se que está passado em colocar o Chile em uma nova ordem social democrata, que pouco tem a ver com os modelos socialistas do passado latino americano. Sua visão é de diminuir as diferenças sociais, de um país que tem o maior índice de PIB per capita da América Latina, com uma classe média forte, porém com uma classe média baixa, sem condições de sustentar um seguro previdenciário privado, pagar pela educação, seguros de saúde e uma evolução de preços por baixa competição em um mercado relativamente pequeno. Chile nos deu uma lição de civilidade democrática. É a grande esperança que uma sociedade madura, que tanto somente quer pelo seu desempenho, que os sinos nos lembrem deste legado.

O novo modelo social das democracias, será norteado, em preservar os mínimos para uma vida digna e oferecer um máximo em oportunidades. É curiosamente observo que esta pauta não é nova, e foi exatamente um canceler conservador cristão democrata na Alemanha, Ludwig Erhard, que apregoava o sistema econômico, o do social de mercado. O mecanismo de mercado teria seus limites, quando afetaria a dignidade humana. Assim se instalou um salário mínimo, pois se deixasse o mercado fluir somente pela oferta e procura, os salários desciam a níveis insustentáveis. Que o pão, o leite e a farinha receberiam estímulos contra a fome. O Estado estabeleceria uma rede de sustentação mínima de saúde e aposentadoria. E foi assim que se iniciou esta jornada. Posteriormente com a evolução sindical, os contratos sociais assumiram esta posição até o ponto da insustentabilidade. O Estado com a evolução econômica ampliou as benesses se tornando uma nação, O Estado de Oportunidades, onde pela competência, competição e mercado, os melhores venceriam. Mas o novo modelo social, hoje, em um mundo muito mais digitalizado, tecnologicamente avançado, necessita de visões inclusivas onde a inovação em grande escala coloque foco também nas tecnologias sociais. Estas tecnologias além de serem inovadoras, trazem grande escala, e o protagonismo nos países consumidores, ou seja, os em desenvolvimento. Nova visão, arrasto juvenil, inovações que beneficiam a muitos, terão um investimento menor do Estado, dando espaço em seus orçamentos e serão reconhecidos pela população, que tão somente quer pelo seu desempenho, melhorar a suas condições de vida. Que os sins nos lembrem deste legado.

O novo modelo social das democracias, será norteado, em preservar os mínimos para uma vida digna e oferecer um máximo em oportunidades. É curiosamente observo que esta pauta, não é nova, e foi exatamente um canceler conservador cristão democrata na Alemanha, Ludwig Erhard, que apregoava o sistema econômico, o do social de mercado. O mecanismo de mercado teria seus limites, quando afetaria a dignidade humana. Assim se instalou um salário mínimo, pois se deixasse o mercado fluir somente pela oferta e procura, os salários desciam a níveis insustentáveis. Que o pão, o leite e a farinha receberiam estímulos contra a fome. O Estado estabeleceria uma rede de sustentação mínima de saúde e aposentadoria. E foi assim que se iniciou esta jornada. Posteriormente com a evolução sindical, os contratos sociais assumiram esta posição até o ponto da insustentabilidade. O Estado com a evolução econômica ampliou as benesses se tornando uma nação, O Estado de Oportunidades, onde pela competência, competição e mercado, os melhores venceriam.

Mas o novo modelo social, hoje, em um mundo muito mais digitalizado, tecnologicamente avançado, necessita de visões inclusivas onde a inovação em grande escala coloque foco também nas tecnologias sociais. Estas tecnologias além de serem inovadoras, trazem grande escala, e o protagonismo nos países consumidores, ou seja, os em desenvolvimento. Nova visão, arrasto juvenil, inovações que beneficiam a muitos, terão um investimento menor do Estado, dando espaço em seus orçamentos e serão reconhecidos pela população, que tão somente quer pelo seu desempenho, melhorar a suas condições de vida. Que os sins nos lembrem deste legado.
Datos de todas las empresas que cotizan en Bolsa en Estados Unidos, Brasil, Argentina, Colombia, Chile, Perú y México.

Datos de todos los fondos en una visión completa de 360°.

Data Mining con una altísima flexibilidad.

Herramienta avanzada para análisis y creación de informes.

Add-in para Excel y galería de planillas.

API Data Feed para Python, robots, informes y sistemas.

Informes Markowitz, Flujo de caja Descontado, Long and Short, entre otros.

Plataforma en la nube, disponible en inglés, portugués y español.

La plataforma de análisis de datos del mercado utilizada por 10 de cada 10 instituciones de finanzas, research y enseñanza de alta performance en Latinoamérica.

Los datos más confiables de las principales economías de Latinoamérica y Estados Unidos, directamente en tu Excel o sistema, a través de la API Data Feed.

Ten rápidamente en tus manos toda la información financiera que necesitas para ayudarte a tener más amplitud, productividad y eficiencia para hacer mejores estudios, análisis e informes.

Economatica es la más grande y completa plataforma de informaciones financieras de Latinoamérica. Es la única que presenta toda las informaciones relevantes sobre fondos, acciones, ADRs y ETFs listados en las principales bolsas de valores de Estados Unidos, Brasil, Argentina, Colombia, Chile, Perú y México.

Y con las funciones más avanzadas para organizar y sistematizar rápidamente todos los datos utilizando planillas a través del Add-in para Excel o mediante la API Data Feed para Python, robots, informes y sistemas.

La plataforma líder para quien busca mejores datos y un análisis más completo. A la velocidad de la transformación digital.