



ECONOMIC AND POLITICAL TRENDS IN THE AMERICAS

Final Report

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1. Introduction

The present report seeks to provide a summary view of key economic and political trends in the Americas region. In order to produce it, a review of recent literature on trends in these areas was undertaken. In addition, a number of interviews were conducted with experts in each field. A list of the sources consulted and of our expert interviewees is provided at the end of the report. We have strived to collect different views on these topics, so as to be able to convey a balanced view of the strengths and weaknesses, challenges and opportunities of a complex and often contrasting region. The goal is that based on this information the reader can make his or her own assessment of the current status and prospects of the region. However, an effort has also been made to interpret current trends and outlook in order to identify the areas where work by both national governments and international organizations seems more promising with the goal of promoting prosperity and advancing democracy in the region.

After this introduction, Section 2 identifies economic trends in the Americas. Within a moderate global growth environment, the Americas are expected to grow below world average rates. This involves a stable pattern for North America compared to the 2000s. For LAC expected growth rates are in line with recent trends, which imply lower rates than in the 2000s. Further, these rates are expected to be one-half to one point below world growth rates. These average rates mask significant variation with the LAC sub-region. The largest countries, Brazil and Argentina, will tend to perform worse than the rest. Smaller countries, such as Bolivia, Paraguay, Peru, Colombia, Chile, Panama and Costa Rica will tend to perform better and around world averages. The section concludes that in order for LAC countries to achieve growth closer to Asian developing countries, they need to increase their investment ratios and improve productivity.

Section 3 on political dynamics highlights the spread of democracy in the region with a few notable exceptions (Cuba, Nicaragua and Venezuela), in spite of a worrisome trend of increasing skepticism among citizens regarding its benefits and the quite low approval ratings for all branches of government. Civil societies are becoming stronger across LAC and thus more assertive in demanding attention to their rights. On the other hand, populism is also on the rise taking advantage of either discontent with current economic conditions (Mexico) or with social shifts usually linked to progressive policies in the region (Brazil). Three challenges for the region's democracy are highlighted. The first is the Venezuelan migratory crisis, the second is the relatively poor quality of the institutions linked to democratic rule and the third regards the rise of a new wave of populism.

Section 4 focuses on security challenges, underscoring violence related to crime and drug trafficking as the most pressuring concern regarding security in the Americas. Latin American countries and cities rank amongst the most prone to violent crime in the world. Related to this, cocaine production remains stable despite significant attempts to reduce it. On the other hand, human trafficking is comparatively low but is a worrying phenomenon while terrorism remains a significant obstacle to Colombia's stability.

Section 5 highlights significant improvements in reducing gender gaps both in the labor market and in political representation, though there is still some way to go towards gender parity. Regarding ethnic minorities in the Americas, such as afro-descendants and indigenous peoples, policy efforts have helped reduce poverty in these groups, as well as advancing in the closing of gaps in access to education and basic public services between minority and

non-minority groups. Violence targeted to minority ethnic groups, however, is still an important problem both in LAC and in the US. Also, though significant progress has been made in advancing the rights of indigenous populations, for instance, through implementation of Prior Consultation laws, conflict with resource-extracting firms and governments are still common due to state weakness.

Section 6 on migration and refugees points out that the countries of the Americas historically have been built upon various migratory processes. It highlights that recent changes point to the increasing importance of migration within LAC, in contrast with the pattern of previous decades of South to North migration. Particular attention is called to both the on-going Venezuelan diaspora and the Central American “migrant caravans”.

Section 7 on the key global actors in the region offers an overview to the presence and role of the United States as well as foreign actors (China, EU and Russia) in the region. This section argues that US engagement with the Americas has been declining and that Russia and China are benefiting from this scenario. China is becoming increasingly involved through trade and investments though its political presence is quite limited. Russia, on the other hand, has an interest in the region associated with its overall international policy goal of counter weighing US influence. Finally, though the Americas have numerous and strong links with EU countries, the EU itself is still to establish a common agenda with the Americas as a whole.

Section 8 closes with a discussion of implications of the trends identified in the report on Canada’s foreign engagement in the region. It suggests potential areas of engagement in the areas of economy, democracy, migrations, human rights, and drug trafficking.

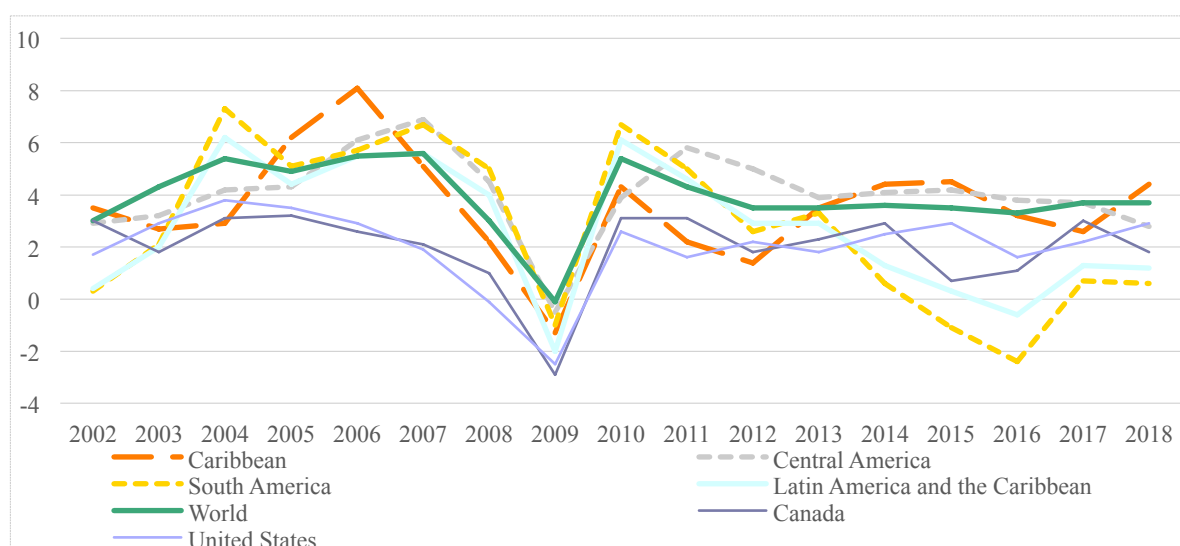
2. Economic Trends in the Americas

Experts agree that current prospects for economic and social progress in the Americas are mixed at best². Clearly, it is difficult to construct a unified story for a continent where two large developed economies (United States and Canada) live side by side with a much larger number of smaller developing ones. Further, it has also become increasingly hard to weave a story with a single thread for Latin America and the Caribbean (LAC), the developing part of the Americas. However, there are factors that have had a confluent effect on the region’s economies.

As Figure 1 shows, for most of the past two decades, growth rates in the Americas have tended to follow a similar pattern, though with significant differences in average rates for different sub-regions. The whole region enjoyed healthy growth in the decade of 2000s, with the developing sub-regions trending above the developed ones and, indeed, above the world average as well. This pattern generated a trend towards greater convergence in output per capita across the region. Specifically, LAC countries experienced solid economic growth and social progress in a global environment characterized by high commodity prices and low interest rates. While the United States (US) and Canada grew at a similar rate averaging 1.9% per year between 2002 and 2011, LAC was growing at 3.7% per year. All countries in the region suffered with the global economy’s financial crisis, 2008-2009, with LAC recuperating pre-crisis growth levels faster than the northern economies.

² This statement is based on interviews with the following experts: Augusto de la Torre, Santiago Levy, Guillermo Perry, and Luis Felipe López-Calva. See also De la Torre and Ize (2019) and CAF (2018a).

Figure 1. Evolution of World & LAC Sub-Regional Real GDP Growth Rates



Source: IMF, World Economic Outlook Database, 2019

This promising pattern changed after the first few years of the present decade. While the northern economies stabilized at around 2% growth after 2011, though with Canada suffering a slump in 2015-16, in LAC growth rates have been declining throughout the decade, turning negative by 2015 and moving back to positive territory by 2017. LAC growth rates for the last two years have averaged 1.2%. Thus, the pattern of convergence between developed and developing economies in the region had broken down by mid-decade. Further, the outlook from different experts suggests that, given current global conditions, there is no reason to expect growth rates in the developing parts of the Americas to rise much above their current levels.

Growth Prospects for the World and the Americas

According to IMF estimates the world's real GDP has been following a trend of mild economic deceleration after its recuperation from the 2008 crisis³. The World Bank (2019) highlights the decline in international trade and investment, mounting trade tensions, and financial market pressures in emerging and developing economies as contributing factors to the deceleration in global economic activity.

This world's moderate growth environment is characterized by regional heterogeneity. East Asian countries, including China, have consistently performed and are expected to continue performing above the world average rate. Contrastingly, the G7 group of countries growth rates have consistently been below the world's average, although following a similar pattern. This is also true when looking at the U.S and Canada individually. In the next five years, the IMF expects mild deceleration in the high-growth Asian economies and moderate deceleration in the developed G7 economies.

The LAC case is somewhat different. The IMF and World Bank expect the whole region to experience moderate growth in the next three years, but to remain half of a percentage-point to a percentage-point shy of the world rate⁴. Now, this synthesis masks important intra-regional variation in LAC. A much greater diversity in growth rates, and even in trends, by

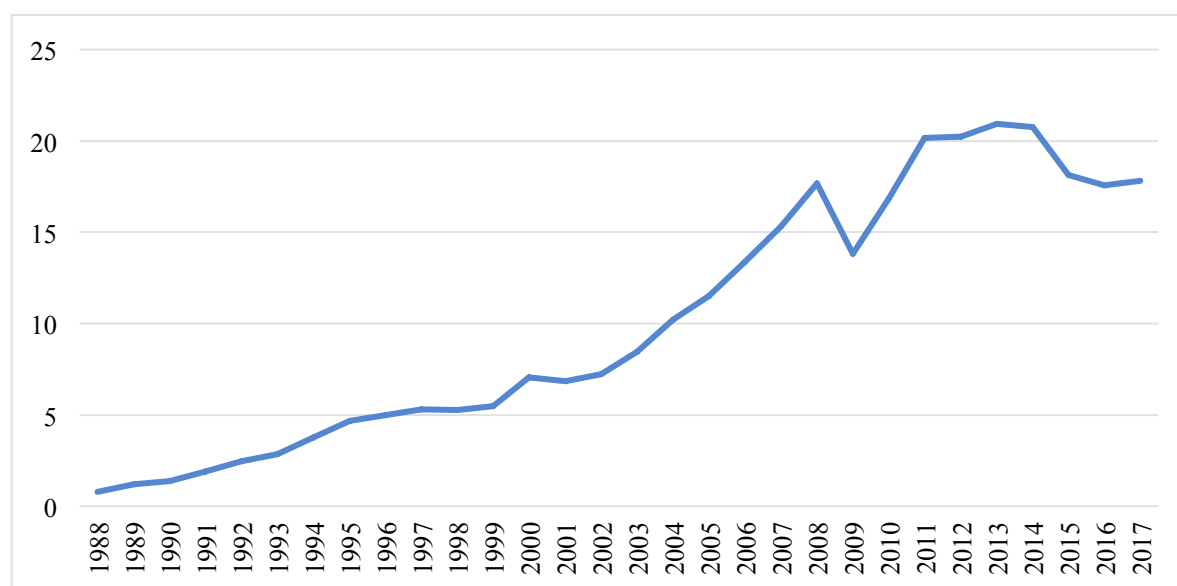
³ IMF, World Economic Outlook Database 2019.

⁴ IMF, World Economic Outlook Database 2019; World Bank, World Development Indicators Database 2019.

sub-region can be appreciated within developing America in the present decade compared with the 2000s. Thus, the dashed orange and gray lines in Figure 1 show that Central America and the Caribbean have sustained average world-growth rates. On the other hand, the green dashed line shows South America has driven the region's downward trend. In effect, South America has experienced in this decade the largest GDP growth rates deceleration, from 6.7% in 2010 to contracting by -2.4% in 2016.

Different reasons explain the decline in economic activity. On the one hand, the international conditions that made possible this pattern of positive growth and economic convergence within the region, namely, high commodity prices and low interest rates, have changed and are not foreseen to come back in the near future. They have been replaced by a context where the largest economy in the world, the US, is retreating from international trade while China's growth rates have declined considerably, from an average of 10.3% in the 2000s to 7.4% after 2011 and between 6 to 7% in the last few years⁵. These trends have already translated in a declining volume of international trade, as Figure 2 shows. Also, commodity prices are currently, after some recuperation in the last two years, at 70% of their 2011 peak.⁶ The future of this trend in international trade depends on both the results of current trade negotiations between US and China and the length of the negotiation process.

Figure 2. Evolution of World Exports (Trillion USD)



Source: World Bank, World Integrated Trade Solution 2019.

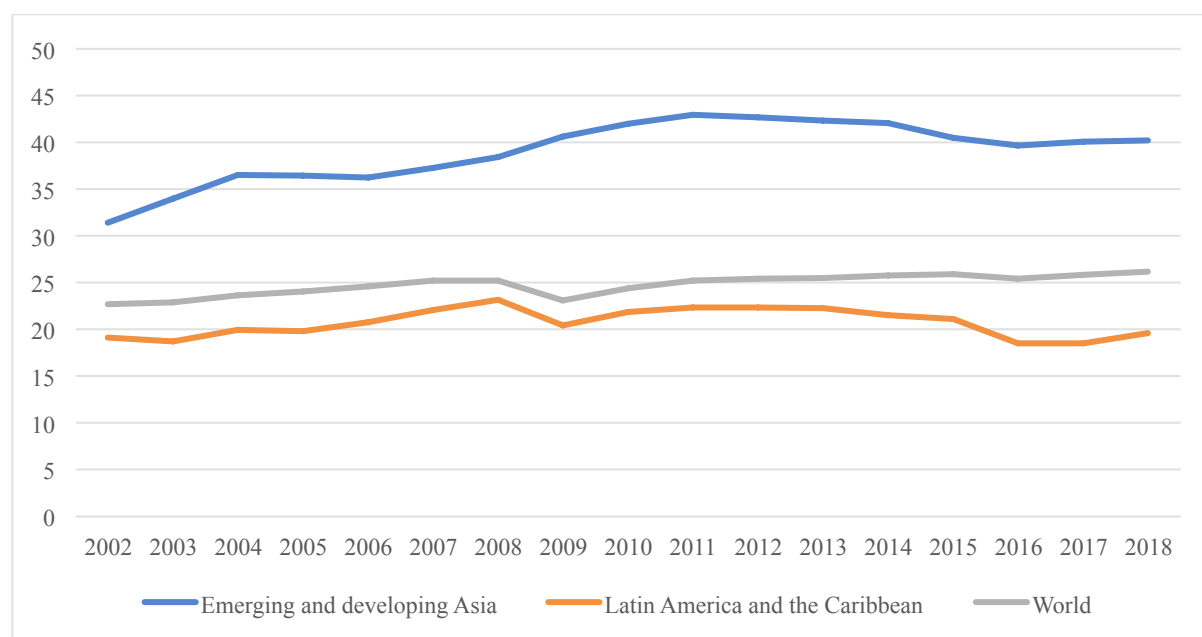
On the other hand, while LAC made considerable progress in different areas in the 2000s—developing infrastructure, strengthening financial systems and implementing better anti-poverty policies—, its overall investment rate has been consistently below the world's investment rate and only about half that of developing Asian countries, as Figure 3 shows. Further, while it showed some improvement in the 2000s, moving from 19 to 23% of GDP between 2002 and 2008, it has recently declined going back to early 2000s levels. Moving the

⁵ IMF, World Economic Outlook Database 2019.

⁶ IMF, Primary Commodity Prices Database 2019.

LAC investment rate to world levels, not to mention developing Asian countries' levels, will require significant policy changes.

Figure 3. Ratios of Investment to GDP for the World and Developing Regions



Source: IMF, World Economic Outlook Database 2019

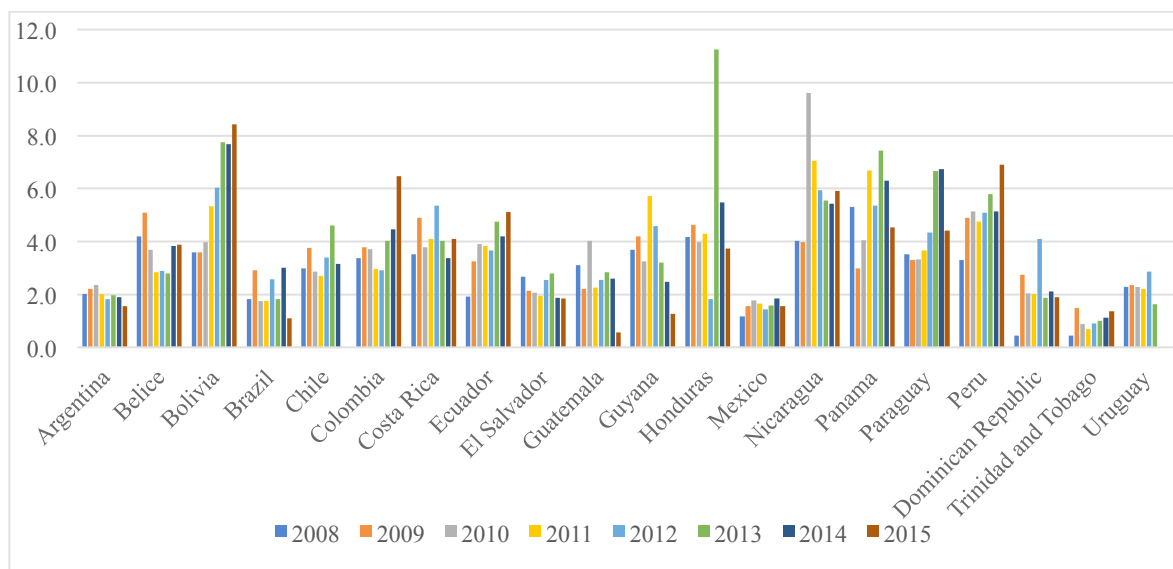
Of course, these average numbers mask much variation in country performance. As mentioned in the opening paragraph of this section, heterogeneity in the region is significant and has tended to widen in the last decade. In effect, some countries have fared much better than others, as table A1 in Appendix 1 shows. The largest countries in the region tend to show below average performance. In effect, Brazil and Argentina, which together account for about half of LAC's GDP, have had average growth rates around zero for 2012-2018, while smaller countries show much more resilience: Bolivia, Paraguay, Peru, Colombia, Panama and Costa Rica are clearly above the regional trend. Mexico, Colombia and Chile are also above trend, though at somewhat smaller rates⁷. The odd case is Venezuela, which has been declining at an average rate of -6% per year and whose share of LAC's GDP has gone from 5 to 2.5% in the last two decades⁸.

Looking at investment in key infrastructure sectors throws light on the diverging performances. Figure 4 below shows such comparison. The largest countries, i.e., Brazil, Argentina and Mexico, are among those that have invested the least in these sectors that are key to future growth, around 2% of GDP. At the other end of the spectrum, the countries that are performing better as far as growth—Bolivia, Peru, Colombia, Costa Rica, Paraguay, Panama--also tend to have invested more in basic economic infrastructure.

⁷ See Figure A1 in the Appendix for countries' shares of LAC's GDP in 2002, 2011 and 2017.

⁸ IMF, World Economic Outlook Database 2019.

Figure 4. Private and Public Investment on Economic Infrastructure as a Percentage of GDP, 2008-2015



Source: IDB; ECLAC; CAF, Infralataam Database 2019.

Note: economic infrastructure includes: energy, telecommunications, transportation, and water.

Underlying the growth trends lies a structural factor in LAC economies: low productivity. LAC's productivity currently stands at 26% that of the US and has not progressed much in the last half a century, as it stood at 20% in 1960 (CAF, 2018b; De la Torre and Ize, 2019). A recent in-depth study finds that this low productivity cannot be attributed to an inefficient allocation of workers among industries since this is almost as efficient in LAC as in the US (CAF, 2018b). This means that it is not the case that LAC is producing too much of the wrong kind of goods and services, but, rather, that it is not up to efficiency standards in producing any of them. In effect, productivity is consistently lower across the different sectors in the economy: productivity per worker is 21% that of the US in LAC's agricultural sector and 19% in the financial sector. The most productive sector is mining, at 50% the per worker output of the US. Thus, the differences in overall productivity are not explained by too many resources going to low productivity sectors, but, instead, to low productivity across all sectors. It follows that, in order to raise productivity, it is necessary to improve the conditions under which all sectors operate. That is, LAC needs a better institutional environment for all businesses.

An important factor underlying low productivity is the large presence of microenterprises and informal labor markets. While approximately 1 of every 2 employees in the region works in micro-establishments, the proportion is about 1 in 8 in the US (CAF, 2018b). Also, informality rates exceed 50% of the labor force in several LAC countries, such as, Mexico, Peru and Bolivia. While informality is found in most economic sectors of most countries, it varies across sectors, tending to be higher in the services, agriculture and trade sectors. Thus, the low productivity of sectors is associated with both low productivity per establishment and misallocation of resources among establishments (i.e., between formal and informal establishments) within subsectors (CAF, 2018b). In turn, this is associated to rules of the economic environment that provide incentives to informal production by burdening the most efficient producers to subsidize the least efficient⁹. An example of this is health or pension

⁹ For a detailed argument and evidence in this direction, see Levy (2008).

programs funded by workers and firms alongside non-contributory schemes.

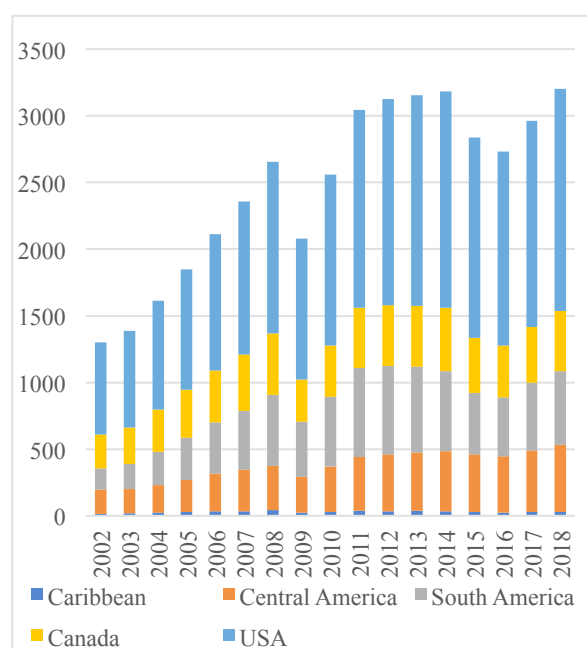
In this new context, LAC countries will have to find alternative growth strategies that focus on increasing investment and productivity, such as forming closer economic ties intra- and extra-regionally, increasing investment in human capital, and strengthening the rule of law. We discuss these strategies at the end of this section.

Trade and Investment

Figure 5 below shows the evolution of the America's total exports by sub-region¹⁰. From 2002 to 2018, the region's exports more than doubled, from less than 1.5 to more than 3 trillion USD. The share of total exports by sub-region has remained similar; roughly, the US has maintained its share of 50%, while each Canada, Mexico and Central America, and South America have held a similar share of the remaining half of exports¹¹. In this period, the U.S and Canada's exports increased by a factor of 2.4 and 1.8, respectively.

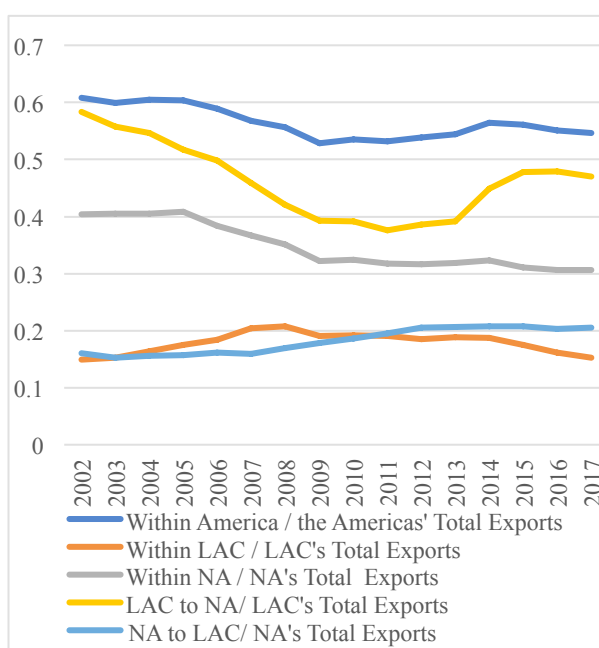
The gray and orange segments show that South America and Mexico and Central America export growth has been the most substantial in the region, increasing by a factor of 3.4 and 2.8, respectively. However, the commodity exporter economies of South America experienced the strongest rise and fall in their total exports within this period, reaching 667 Billion in the midst of the commodity boom (2011) and declined by a third by its end (2016).

Figure 5. Exports in the Americas by Sub-Region in Billions of USD



Source: World Bank, UNCTADstat Database 2019

Figure 6. Intra-Regional to World Exports for the Americas, North America and LAC



Source: World Bank, World Integrated Trade Solution Database 2019

Note: In Figure 6, we report ratios of trade within the Americas and its sub-regions (LAC and NA) to the region/sub-region's total trade, respectively. Trade ratios between LAC and North America are constructed by dividing inter-regional trade by the total trade of the region of reference.

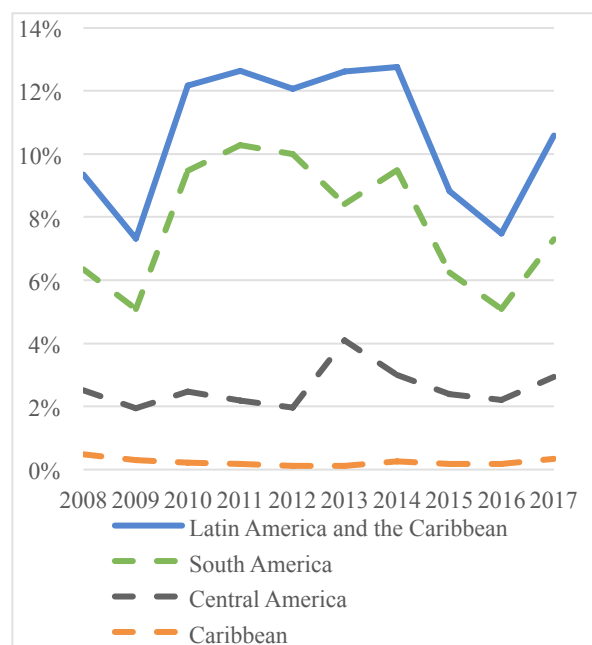
¹⁰ Using data from the World Bank's UNCTADstat Database.

¹¹ The Caribbean's exports represent a small percentage of the America's, fluctuating between 1.25% and 2.5%.

How important is trade within the region compared with trade with the rest of the world? Figure 6 above shows the evolution of the ratio of the America's within-region exports to world exports by sub-region using data from the World Bank's World Integrated Trade Solution Database. Three observations seem in order. First, the blue line, representing the region as a whole, shows that the ratio of within America exports to world exports has been high and only slightly declining during the 2002-2018 period. This is particularly remarkable given the extraordinary rise of China in international trade during this same period. Thus, in a context of fast growing international trade, the importance of trade within the Americas was sustained. Most of this trade, however, occurs within North America. Second, within-LAC trade is a small portion of total LAC trade with the world, suggesting LAC has much room to increase intra-regional trade. Third, North America is a critical market for LAC, compounding almost half its exports. Also, LAC is an increasingly important market for North America.

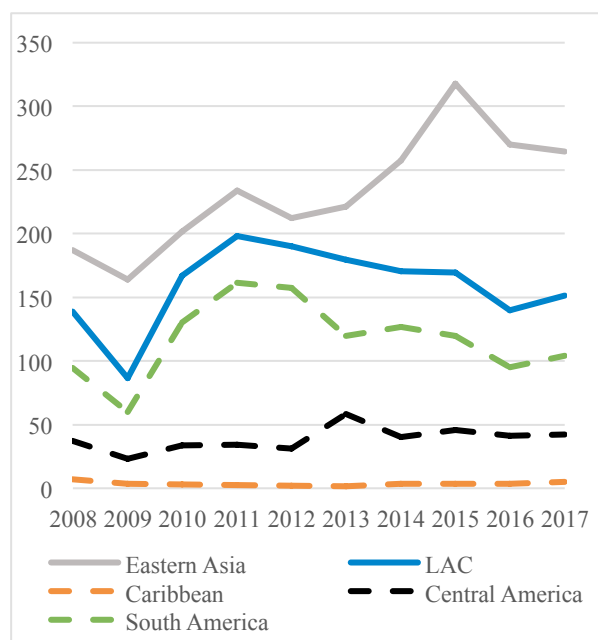
As shown in Figure 8, since 2011 the absolute value of FDI inflows into LAC has declined steadily, from 198 Billion USD to 151 Billion USD in 2017¹². With the fall in commodity prices, LAC, and in particular South America appears to have become less attractive to foreign investors as LAC's FDI world share fell from 10 to 7.5% (Figure 7) while more FDI flows entered into other markets, such as Eastern Asia, where they rose from 257 Billion to 318 Bn. during these years. The regional trend seems to be driven by South America's FDI inflows, which have been the only ones to decline.

Figure 7: LAC's Sub-Regional World Share of Foreign Direct Investment



Source: World Bank, UNCTADstat Database 2019

Figure 8: Foreign Direct Investment in Billions of USD (Flows)



Source: World Bank, UNCTADstat Database 2019

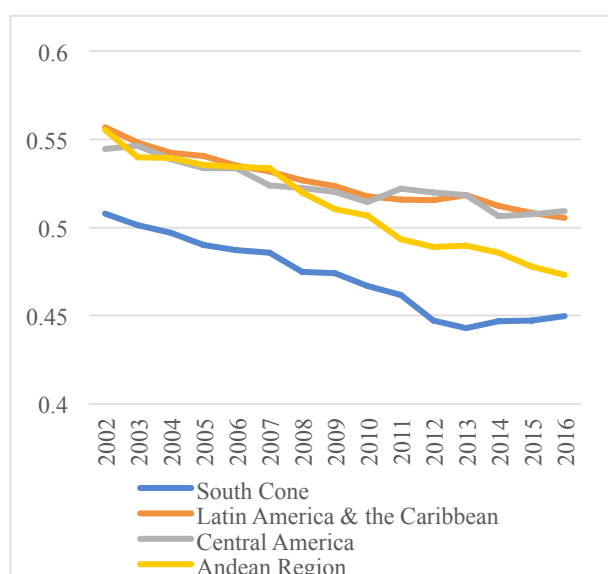
¹² Using data from the World Bank, UNCTADstat Database, updated in 2019.

Socio-Economic Issues: Poverty and Inequality

Although poverty is concentrated in the developing part of the Americas, inequality is a current public concern in both north and south of the Americas. The dimension of the problem is, however, markedly different. Recent poverty rates are around 1% in the US and 0.5% in Canada; inequality is low in Canada, with a Gini of 0.34 and not too low in the US, with a Gini of 0.41, well below LAC standards¹³. Contrastingly, LAC has been historically a very unequal region. According to López-Calva and Lustig (2010), the region was the most unequal in the world in 2004.

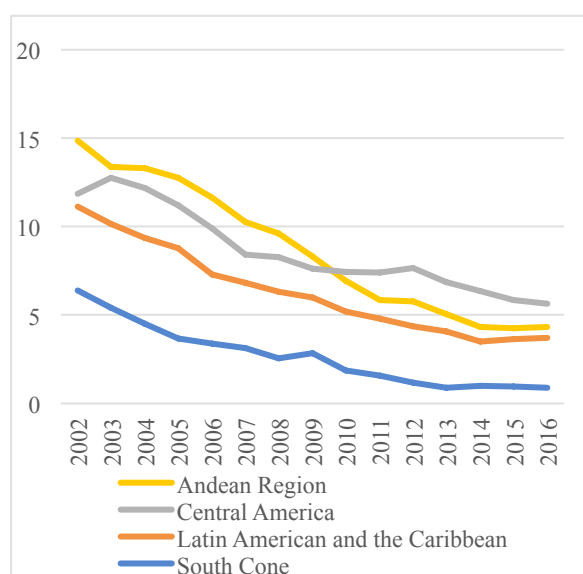
However, since the early 2000s and for most of the last two decades there have been clear inequality and poverty reduction trends, thanks in part to economic growth, but also to innovative and well-targeted poverty reduction policies. Data shown in figures 9 and 10 show these trends. The Gini coefficient of LAC as a whole fell almost 10%, from .55 in 2002 to .5 in 2016 and extreme per-capita poverty declined from 11% to 6% in the same time period. Further, this was observable across different sub-regions¹⁴. These trends seem to have stopped by mid-2010s as poverty has slightly increased since its low point in 2014 while inequality seems stagnated in the aggregate.

Figure 9: Evolution of Gini Coefficient



Source: SEDLAC, LAC Equity Lab Database 2019

Figure 10: Poverty at 1.9 USD/Day (% of population)



Source: SEDLAC, LAC Equity Lab Database 2019

Different country stories surface here, as inequality increases in the Southern Cone while Andean and Central American countries seem to continue in a declining or at least stable trend. The diverging trends are associated with the also diverging growth performance discussed above. Southern cone countries, namely Brazil and Argentina, have been hit the hardest as far growth deceleration, having experienced no growth at all between 2012 and 2018. It is interesting to note that SEDLAC's LAC Equity Lab data on drivers of socio-economic change suggests that both Gini and poverty reduction occurred primarily due to

¹³ World Bank, World Development Indicators 2019.

¹⁴ Data in this paragraph comes from SEDLAC, LAC Equity Lab Database 2019.

growth, but also due to redistributive transfer schemes benefiting lower income households. Decline in growth, however, imperils public finances, as is the case in Brazil and Argentina, limiting redistributive capacity. In light of the growth challenges LAC faces, López-Calva, UNDP's regional director for LAC, suggests the recent achievements in the reduction of poverty and inequality from the 2000s may be under risk.

Trends, challenges and opportunities

The analysis identifies the following economic trends:

- In a moderate global growth environment, the Americas are expected to grow below world average rates. This implies a stable pattern for North America compared to the 2000s. For LAC expected growth rates are in line with recent trends, which imply lower rates than in the 2000s. Further, these rates are expected to be one-half to one point below world growth rates.
- These average rates mask significant variation within the LAC sub-region. The largest countries will tend to perform worse than the rest. Smaller countries, such as Bolivia, Paraguay, Peru, Colombia, Chile, Panama and Costa Rica will tend to perform better and around world averages. Further, they are committed to maintaining macroeconomic stability and promoting growth.
- In order for LAC countries to achieve growth closer to Asian developing countries, they need to increase their investment ratios and improve productivity.
- These are great challenges that some countries in LAC have already taken steps to confront. For instance, the Pacific Alliance (conformed by Mexico, Chile, Colombia and Peru) is oriented to promote its member's competitiveness through work in 26 different areas, all quite relevant to achieving its goal.
- Increasing productivity will involve significant reforms on different fronts at the country level, while maintaining macroeconomic stability. Promoting competition, ensuring firms access to high quality inputs through trade facilitation, enhancing cooperation between firms, improving the workings of the financial markets, and adjusting labor regulation to ensure the protection of workers' rights without discouraging innovation, hindering efficiency-seeking reallocation, or incentivizing informality, are all part of this agenda.

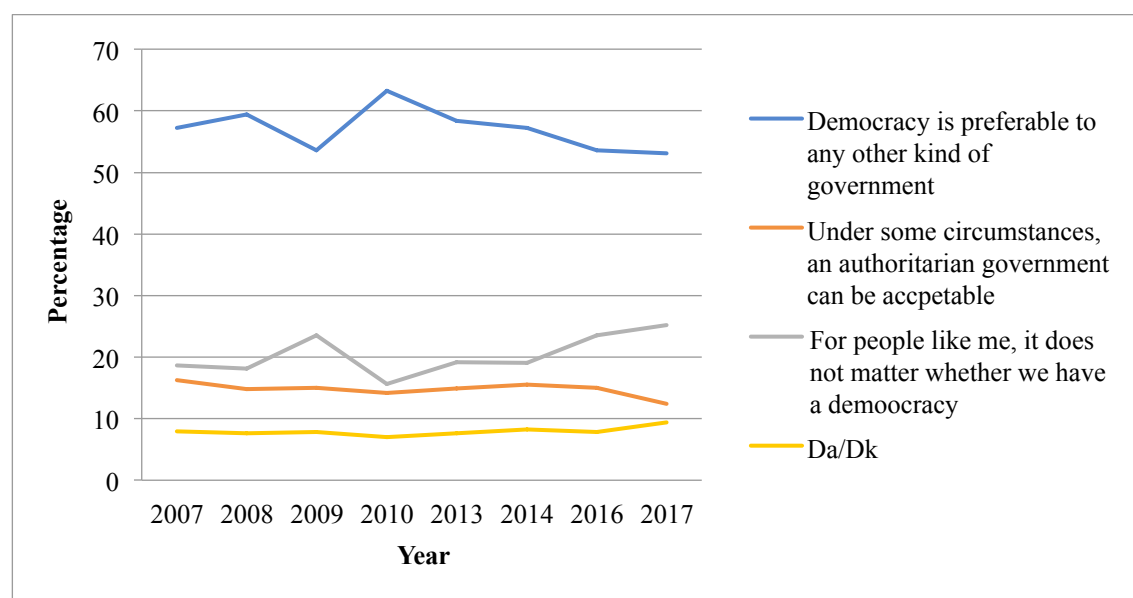
3. Political Dynamics

Democracy in the Region

Albeit with some notable exceptions (Nicaragua, Venezuela and Cuba), democracy spans all over the Americas. Clearly, North America enjoys well-established democracies, despite facing an increasingly polarized scenario. LAC is quite a different story, with a long history of political instability, alternating periods of democracy with military dictatorships, and until the 1970s recurring coup-d'états. In this historical context, it is quite remarkable that despite the region's recurring political instability marked by significant ideological shifts, a great majority of countries have continued to function based on democratic rules and values. In effect, multiple impeachment trials have taken place since the early 2000s and none have been stained by a turn towards authoritarianism. To cite some recent examples, Dilma Rousseff's (Brazil, 2016) and Pedro Pablo Kuczynski's (Peru, 2018) destitutions both followed the pre-established mechanisms provided by the constitutions and laws of their respective countries and were succeeded by democracy abiding governments.

Citizen's support for democracy has proved resilient in this context, although skepticism about the benefits of democracy seem to be on the rise, as Figure 11 below suggests, no doubt associated to corruption scandals, political instability and trying economic conditions. Over the past decade, Latin American citizens have continued to reject authoritarian rule. However, their support for democracy is being tested as a still small but growing number express a worrisome disregard for the type of government they want to live under. A compelling hypothesis is that younger citizens are more disaffected with democracy than older ones. In this line of reasoning, a recent study comparing the US and Europe found that a quarter of the interviewed "millennials" agreed with the assertion that "choosing leaders through free elections is unimportant" (Foa & Mounk, 2017). Another plausible explanation is that democratic preferences have declined as economic growth has been decelerating, as a comparison of Figure 11 and Figure 1 suggests. Finally, it is likely that unmet citizen demands are translating into dissatisfaction with democracy (as highlighted in Figure 12 below) and taking a toll in current support for democracy in the region. Most likely all three factors play a role in the observed trend.

Figure 11: Support for Democracy in Latin America



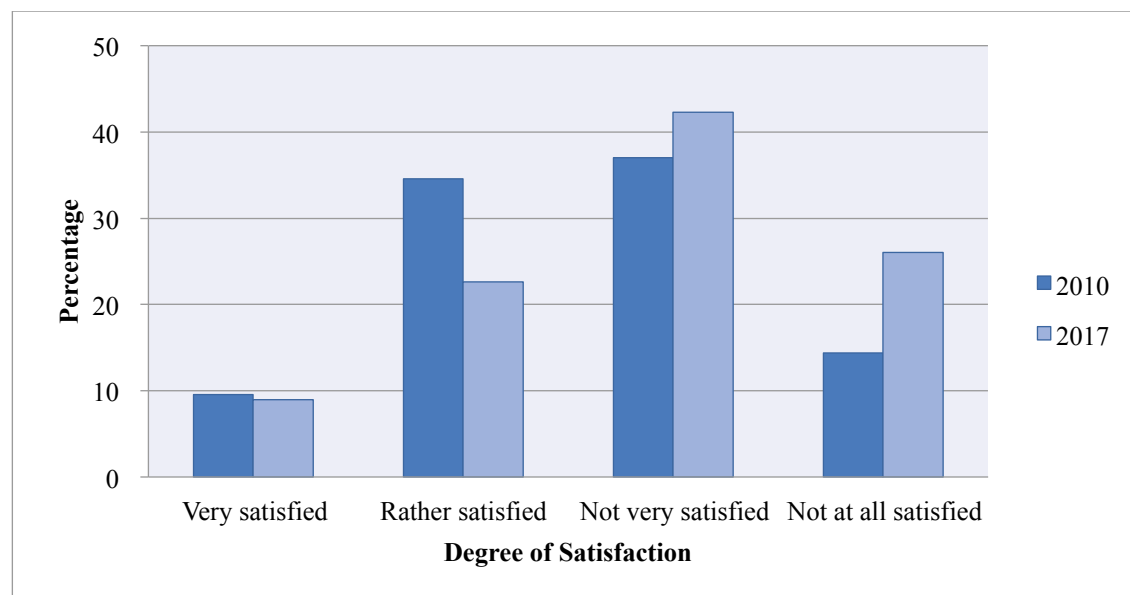
Source: Latinobarómetro, from 2007 to 2017.

Regional multilateralism has played a significant role in safeguarding democracy. Perhaps the most prominent instrument established by a multilateral organization aimed at repealing the authoritarian vein rule has been the OAS's Inter-American Democratic Charter: a tool designed to prevent authoritarian governments from partaking in the OAS by an affirmative vote of the two thirds of its thirty-five member states. In a similar fashion, Mercosur has a "democratic clause" most recently invoked by its four founding members (Argentina, Brazil, Paraguay and Uruguay) in order to suspend Venezuela from its structure as of 2017 for an indefinite period of time.

That being said, corruption scandals and deteriorating economic conditions as well as frequent shifts in political orientation have taken a toll on the quality of democracy in the region and citizen's satisfaction with it, as Figure 12 indicates. The Lava Jato's outbreak in 2014 has triggered multiple criminal investigations involving not only Brazilian construction

companies but also top political authorities in many Latin American countries, generating public resentment across the continent.

Figure 12. Satisfaction with Democracy in Latin America



Source: Latinobarómetro 2010 and 2017

Populism

At the same time, exploiting distrust towards and frustration with the political system, a new wave of populist leaders is resurfacing across the globe and within the Americas; for this phenomenon is not necessarily linked to any form of ideology or policy and it is rather focused on appeal to public sentiment. Current populism mainly resorts to *post-truth* politics, a mechanism by which the repeated assertion of specific talking points close to people's beliefs becomes stronger than arguments built upon logic and facts (Speed & Russell, 2017). Hence, populist governments in the region are now setting their agendas surrounding polarizing topics such as immigration policies (U.S.), the LGBTQ+ community (Brazil), and social justice (Mexico).

As is the case elsewhere in the world, populism has become a major source of concern and instability in the Americas. Either discontent with current economic conditions (Mexico) or with social shifts usually linked to progressive policies in the region (Brazil), people are increasingly drawn to populist demands. Populist administrations and movements have impaired major advancements in providing a better quality of democracy in the region. Namely, occurrences of such sort have hindered peace treaty negotiations in Colombia between government and FARC guerrilla leaders (Gonzalez, 2017), sparked some degree of xenophobia amongst US citizens concerning Latin immigrants (Tobar, 2018) and brought bigotry upon minorities (especially the LGBTQ+ community) during Brazil's last presidential race (Lopez, 2018).

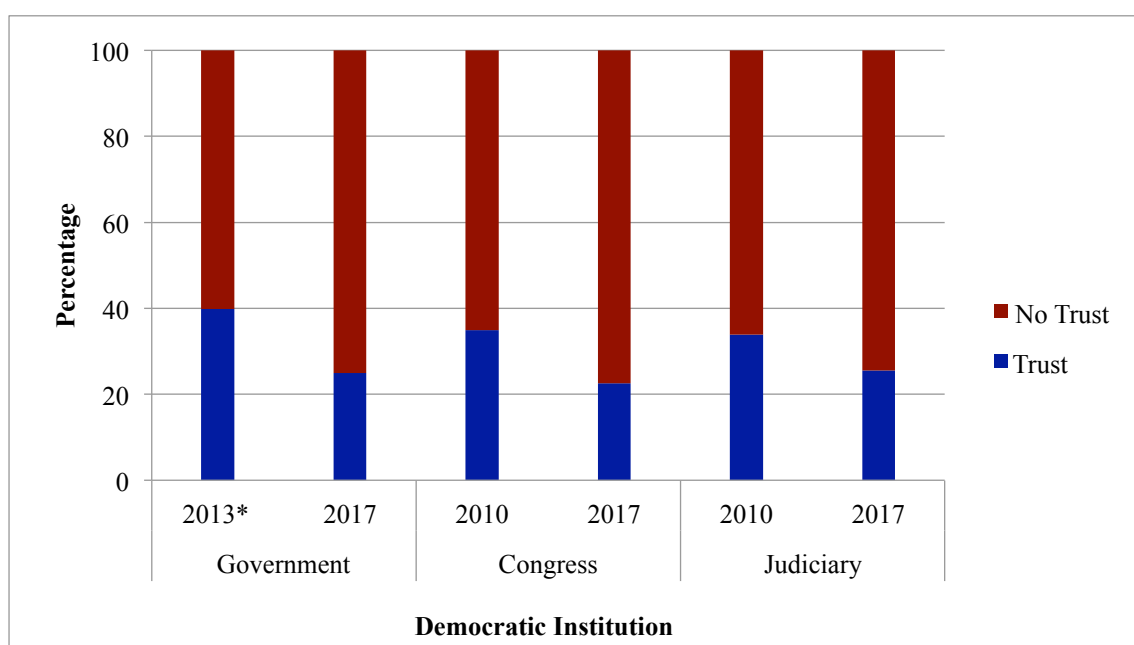
Civil Society

Meanwhile, the development of civil society in the Americas has advanced at an accelerated pace over the past two decades. Various civil rights movements are now more eager to take a stance and have been more successful at shaping public debate to better fit their demands. An

example of this is the influence of Argentina’s green handkerchiefs pro-choice movement throughout the region. On the other hand, alternative right movements are also growing within the region and some have been prolific in spreading a disinformation campaign aimed at discrediting LGBTQ+ rights across great part of the continent in countries such as Peru, Brazil and Chile. To cite an example, organizations similar to Peru’s “con mis hijos no te metas” (“don’t mess with my children”) movement have been effective in spreading disinformation about LGBTQ+ people and rights.

In the same manner, while this has been the case for US and Canada for a long time, LAC citizens now recognize that governments are accountable to them. Therefore, when unsatisfied by their countries current developments these have become more prone to challenging their political leaders’ decisions. To exemplify this current trend, the following Figure 13 details the low aggregated approval ratings for all the three branches of government (Executive, Legislative and Judiciary) across Latin American countries in 2017¹⁵.

Figure 13. Latin America’s Trust Ratings for all three Branches of Government



Source: Latinobarómetro 2010, 2013 and 2017

Effects of the Venezuelan Migratory Crisis

President Maduro’s transition towards authoritarian rule and the severe economic crisis that has accompanied such process has positioned Venezuela as a main area of concern to the world and the rest of the Americas in recent years. This situation is becoming more worrying as a large number of Venezuelan citizens have been fleeing the country since the second half of 2016. Such migratory phenomenon poses a challenge to other countries in the region (mainly Colombia and Peru) as these now face the daunting task of accommodating an unprecedented inflow of Venezuelan migrants into their economies and societies.

¹⁵ Information detailed in Figure 1 was obtained from Latinobarómetro’s (a Chilean non-profit organization) annual public opinion survey carried out throughout 18 Latin-American countries involving more than 20,000 interviews representing 600 million people.

Quality of democratic institutions

While the vast majority of countries in the continent enjoy democratic regimes their institutions still need tending to. As most countries in the Americas (excepting Canada and the United States) belong to the developing world it comes as no surprise that their democracies have much room for improvement. To the extent that civil societies in the region are becoming increasingly organized and skilled at demanding previously overlooked social rights, there is a pressing need to strengthen judiciaries as they are all the more required to fulfill their goals of providing prompt and fair justice to the citizens of the Americas.

Summarized political trends in the region include:

- Albeit with some notable exceptions, i.e., Venezuela, Cuba and Nicaragua, democracy spreads all over the region. Despite Latin America's constant political instability, democratic systems are not facing major challenges from their populations.
- Although LAC citizens continue to reject authoritarianism, there is a worrisome growing skepticism regarding the benefits of democracy. Also, distrust towards the three branches of government has been growing in LAC as civil society's demands are frequently unmet.
- One major challenge in the region is the relatively poor quality of the institutions linked to democratic rule.
- Also a focus of concern is in that a new form of populism employing post-truth discourses is on the rise within the countries of the Americas. Donald Trump and Bolsonaro are just two examples of this phenomenon.
- At the same time, civil societies are becoming stronger in the region and more conscious of their rights, as now people recognize previously overlooked social rights, which generates further demands on their authorities.
- President Maduro's transition towards authoritarian rule and the severe economic crisis that has accompanied such process has positioned Venezuela as a main area of concern to the world and the rest of the Americas in recent years including, in particular, the migratory crisis it has triggered.

4. Security Challenges

In contrast with other regions of the world, war has been a stranger to the Americas in the 21st century. In effect, ever since Ecuador disputed Peru's sovereignty over a bordering territory in 1995, the continent has yet to experience international warfare. Nonetheless, significant threats continue to challenge the region's security.

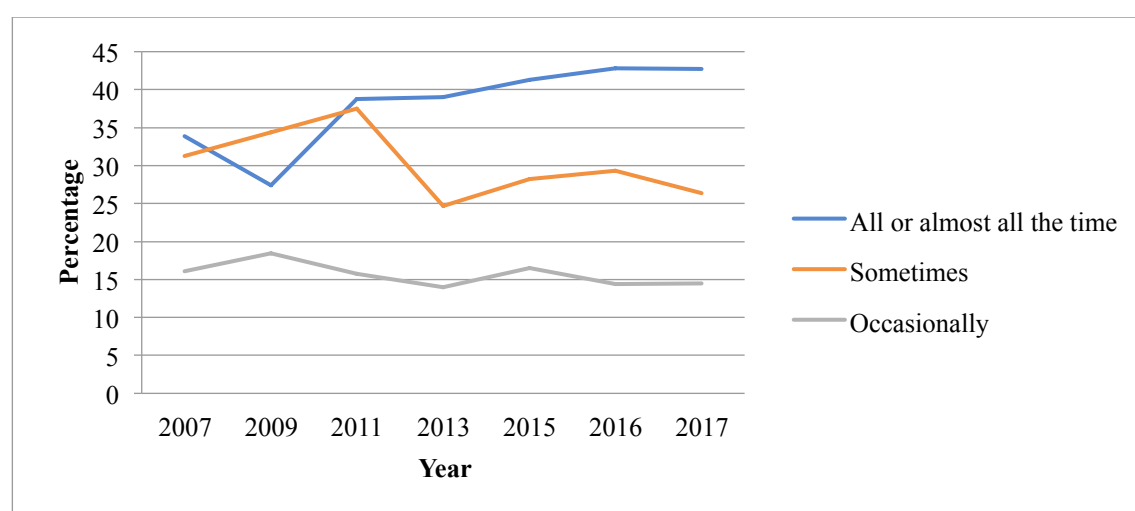
Arguably, the most important security challenge is violent crime. Latin American countries and cities systematically rank among the most murderous worldwide (Lunhow, 2018). A large portion of violent crime is associated with drug trafficking. Drug trafficking organizations, such as the Sinaloa Cartel and the Zetas in Mexico along with transnational gangs such "MS-13" and "Barrio 18" in Central America, account for at least a third of the violence in the continent (Muggah, 2019); while just four countries (Brazil, Colombia, Mexico and Venezuela) are responsible for 27% of the world's homicides. The country with the highest murder rate is found in the region: El Salvador averages 60.1 homicides per every 100,000, according to the Igarapé Institute's Homicide Monitor. These disturbing levels of violence, primarily found in the so called "northern triangle" countries (El Salvador,

Guatemala and Honduras), has led to population displacement in the form of large migratory waves directed at northern countries: the so called “migrant caravans”. Mass deportations from the United States have played an important role in the establishment of organized crime in Central American countries, as radicalized gang members are now being sent back into the sub-region.

Colombia holds the largest coca leaf plantations and accounts for the vast bulk of cocaine manufactures around the globe. By 2016, the world’s coca harvests amounted to 213,000 ha of which roughly 69% were located in Colombia (UNODCS, 2018). Peru, a close competitor, saw its cultivated areas of cocaine rise by 14% between 2016 and 2017 (from 43,900 ha to 49,900 ha) (UNODCS & DEVIDA, 2017). A similar increase in 2009 was largely due to weak interdiction efforts and the “displacement effect” caused by coca crop eradication in Colombia (UNODCS, 2010). As aforementioned, drug trafficking is to be considered matter of security as it is increasingly becoming involved with the many forms of violence surrounding the continent. A visible trend is that drug production in the region appears to be as steady as ever if not increasing over the last years, despite attempts at reducing the area of cultivated coca crops.

As Figure 14 details, public insecurity is coming hand in hand with the aforementioned scenario. Nearly half of the population of LAC is constantly concerned by the possibility of becoming a victim of a violent crime, up from one third just a decade ago. This trend correlates with the objective probability of being murdered: the homicide rate per 100,000 inhabitants in the Americas was 14.6% in 2000-2003 and has increased to 21.7% in 2012-2015 according to the Igarapé Institute’s Homicide Monitor. The situation is even more serious in LAC, where 8% of the world’s population resides, but 33% of the homicides occur; with Brazil alone accounting for 14% of world homicides. Homicide rates are particularly high in Jamaica, Venezuela and Honduras, in addition to El Salvador, while 19 of the 20 top global cities by homicide rate are in LAC.

Figure 14. Concern about Becoming a Victim of a Crime with Violence



Source: Latinobarómetro from 2007 to 2017.

Albeit human trafficking within the Americas is comparatively low (1.9 victims per every 1,000 inhabitants) it remains to be an alarming phenomenon (Global Slavery Index, 2018). Trafficking in the region is primarily oriented towards sexual exploitation, although forced

labor is also a common cause for it. That being said, it is not surprising that over 80% of the detected victims of trafficking in both Central and South America are comprised by women (Kangaspunta, 2018). The United States is a major recipient of human trafficking from a wide variety of countries both from within and abroad the continent. Cross border trafficking flows are frequent among Central American countries, whereby their citizens are taken into the northern countries of the Americas (Canada, Mexico and the US); while in South America most victims of human trafficking are moved within the countries of sub-region (mainly Argentina and Uruguay). Consequently, trafficking flows, for the most part, take place within the continent.

Despite the fact that considerable advancements have been made towards eradicating terror in the region and Latin American countries in particular, Colombia continues to struggle with terrorism. Although a peace accord between the government and the FARC (the Revolutionary Armed Forces of Colombia), has been ratified by Congress, dissidents from the terrorist organization are still raised in arms. Additionally, the country's government is far from reaching an agreement with the ELN (the National Liberation Army). This terrorist organization was last responsible for 21 deaths in a military facility during the past 17th of January. Also, in Peru small groups of terrorists, the remains of the Shining Path, survive in the Peruvian jungle, associated with drug traffickers.

To summarize, the key trends concerning security in the region are as follows:

- Violent crime is high across the region, but particularly high and trending up in LAC. Consistently, citizens are increasingly concerned about being victims of violent crime.
- Drug trafficking is responsible for a significant portion of violent crime in the region. However, cocaine production remains steady despite significant attempts at reducing it.
- Although human trafficking is comparatively low in the region, it remains a relevant issue as a great number of women are continuously taken away from their homes to be used either for sexual commerce or forced labor.
- Terrorism has significantly declined in the last few decades, though it remains an issue of national security in Colombia and small remnants of the Shining Path still roam in certain areas of Peru's Amazonian region.
- Notwithstanding the aforementioned security challenges, violence linked to crime and drug trafficking ranks at the top of the list and should be paid especial attention. Thus, the countries of the Americas would be wise in working together towards its eradication.

5. Human Rights: Gender and Minorities

Gender

All over the world women face many disadvantages and obstacles to their economic wellbeing. The Americas is no exception to this pattern. For instance, the participation of women in the labor force is less than that of men. According to the International Labor Organization estimates, the ratio of women to men who participate in the labor force was .88 and .82 for Canada and the U.S, respectively (where one represents gender parity). In the LAC case, the current ratio of .67 in 2018 suggests a more unequal reality. Though modest,

however, these ratios show some positive progression in the last two decades, having been .83 in Canada, .8 in the US and .61 in LAC¹⁶.

Similarly, the World as a whole, and the Americas region in particular, are still unequal in terms of wages between men and women. According to ILO, the world's gender pay gap was 18.8% in favor of men in 2018. This rate is slightly above that in North America (US and Canada), where the pay gap was 15.3%, and somewhat below that of LAC, where the gap was 20.6%. Data from ECLAC, however, suggests that the trend is positive having shrunk in 12 percentage points since the early nineties. However, there is still a substantial gap to close.

The increase in women's participation in the labor force and the closing of the gender wage gap in LAC appears to respond to both changes in norms regarding women's role in society and better educational outcomes for women. In the past two decades, the regional education gender-gap in secondary education almost closed in LAC. Moreover, the rate of participation of women to men in tertiary education programs has more than doubled from 28% in 2002 to 58% in 2018¹⁷.

However, the amount of unpaid work time is a notable impediment to gender parity. ECLAC's Gender Equality Observatory gathered information for work time and its composition (paid vs. unpaid) by gender. In 10 out of 14 countries, women work more hours per week than men do, regardless whether this is paid or unpaid. In all 14 countries, the amount of time women spend doing unpaid work is greater than men's, implying that the gender differential in work hours is fully explained by the amount of hours women spend on unpaid work, typically at home.

Thus, the Americas show an improving trend as far as women in the labor market, which translates in smaller gaps in participation and wages. However, there is still a way towards gender parity. In LAC, unpaid work for women is still a significant issue, explaining all the gap in work time.

Political Representation and the Gender Gap

Equality in political representation by gender is still a distant reality for the Americas region. The U.S and Canada have comparable representation rates of women in national parliaments to LAC. In 2018, women occupied only 27% of Canadian parliament seats and 20% of U.S parliament seats. In the same year, women filled 31% of LAC parliament seats¹⁸. However, it is clear that this has become a concern among LAC lawmakers: all South American countries and many Central American ones have implemented gender quotas for candidate lists in national elections.

Even though current levels are well below parity, changes in political representation have been positive in the Americas. From 2002 to 2018, the proportion of seats held by women in national parliaments doubled in LAC. Similarly, LAC's proportion of women in ministerial level positions has increased from 17% to 24% between 2005 and 2016. Parliamentary gender representation in the U.S and Canada has also followed a similar upward tendency; however, this has not been as steep.

¹⁶ ILOSTAT Database, 2019.

¹⁷ World Bank, *Gender Statistics Database*, 2019.

¹⁸ Ibid.

LGBTQ+ Rights

The past two decades have brought new legislation to protect the LGBTQ+ communities in the Americas. Although the expansion of legal rights in North America has been more sweeping than in LAC, the former is still one of the regions where most progress has been made world-wide (Corrales, 2015; ILGA, 2019). Pro-LGBTQ+ legislation and policy in the region includes non-discrimination statutes, legalized same-sex marriage or civil union, expansion of health services, as well as favorable court rulings towards LBGT community members. Nonetheless, it is difficult to make generalizing statements as there is substantial heterogeneity between countries in the region and even across states within countries.

Countries such as Canada, US, Argentina and Uruguay have achieved milestones in the recognition of LGBTQ+ legal rights, marking the Americas progressive tendency. For example, these countries are some of the first to have legalized same-sex marriage (Canada being first among these in 2005). However, there is still wide room for improvement as only eight countries legally allow some form of union between same-sex individuals in the Americas (ILGA, 2019). Within LAC, basic LGBTQ+ rights recognition are increasing though far from universal: same-sex sexual activity was fully decriminalized in 24 LAC countries in 1999 and by 2013 in 32. However, this progressive tendency appears to be an Ibero-American phenomenon, as most countries where same-sex relationships are still criminalized are located in the Caribbean¹⁹. Likewise, there has been progress in enshrining anti-discrimination statutes based on gender identification and sexual orientation into law. In 1999, only three countries had legal clauses against the former type of discrimination and four against the latter. By 2013, 12 and 16 countries had these legal statutes, respectively (Corrales, 2015).

Racial Minorities

Discrimination against minorities is a persistent issue in the Americas. The disadvantages of Black and Hispanic Americans in the US are well documented: in 2013, the median White household held more than 50 times the amount of wealth that median Black and Hispanic households held in the US (Wolff, 2013). If anything, this ratio has been increasing since the early 2000s. In Latin America, there is some evidence showing discrimination against minorities. A study in Peru showed that there is a strong preference for job applicants with Spanish last names compared to Quechua last names, the former received 50% more calls than the latter after sending their curriculum vitae (Galarza and Yamada, 2009). This study shows that systemic bias from employers may hinder the participation of minorities in the labor force and perpetuate inequality. The topic of discrimination is a current preoccupation among lawmakers in multi-ethnic Latin American countries. For example, in the past two decades Colombia, Chile and Mexico and Peru have started implementing laws against discrimination.

The Americas is a region where violations of human rights of targeted groups are not uncommon, and in many cases, these have been native ethnic groups. However, since Donald Trump's election, potential target groups are increasingly international: human rights advocates point to the deterioration of the state of human rights as exemplified by the "Muslim ban". This attempt to deny the right of free mobilization to American Muslims, and

¹⁹ Among these are Antigua and Barbuda, Barbados, Dominica, Guyana, Jamaica, St. Christopher and Nieves, St. Lucia, Dominica, and St. Vincent and the Grenadines (ILGA, 2019).

Muslims at large, has been met with consternation. Similarly, another telling example is the Trump administration's border control and their child separation policy. This radical policy, aimed to disincentivize migration north, separated thousands of children from their parents without a family reunification plan. Many civil society groups worry about the enshrinement of these discriminatory practices into the country's law. In LAC, targeted human rights violations continue to be an issue. It is widely held among human rights groups that LGBTQ+ groups, and indigenous peoples suffer from systemic discrimination and violence across the region (Human Rights Watch, 2019).

Similarly, unlawful killings in the Americas, defined by the wrongful death of a civilian at the hands of an authority, are also an issue. In the US, police brutality against its black population is well documented and there is an important racial gap in killings. For instance, data from the FBI's 2012 Supplementary Homicide Report shows that even though 13% of the population is black, 31% of all people killed by police and 39% of all people killed by police while not attacking were black. Evidence suggests that this racial disparity is not a product of a higher crime rate among blacks, but individual policemen's bias (Correll et al., 2014; Ross, 2015). In LAC countries police incidents are also commonplace. The incidence of the problem is greatest in Brazil, Honduras, Dominican Republic and Jamaica. In Brazil, 120 inmates were killed during protests in January of 2018. Similarly, in Honduras, protests around the presidential election led to the killing of 31 people. In Jamaica, many unlawful killings may be extra-judicial executions (Amnesty International, 2019).

In the LAC region, the two main racial minorities are afro-descendants and indigenous peoples. About one in four Latin Americans identifies him or herself as an afro descendent, and 98% of this population lives in Brazil, Venezuela, Colombia, Cuba, Ecuador or Mexico. Of the self-identified indigenous population, eighty-two percent of the 41 million total live in Mexico, Peru, Guatemala or Bolivia. Throughout LAC's history, wide gaps in education, wealth, access public services and other indicators of well-being have been persistent and to the detriment of these minority groups. Among the 10 countries²⁰ with data in SEDLAC's LAC Equity LAB, nine countries show persistent racial gaps in poverty rates since the early 2000s. Moreover, in all countries except Guatemala and Uruguay, poverty affects indigenous populations the most. However, the past few decades have brought improvement to the lives of LAC's racial minorities. Overall, the data show that most of these countries have reduced the level of minorities under the poverty line, though the racial gaps are persistent. LAC has been better at closing the indigenous poverty gap in the past two decades, as is the case in Bolivia, Brazil, Chile, Ecuador, Mexico, Peru and Uruguay. While poverty has decreased among Afro-descendants as well, this group has not benefitted as much— the racial gap for this ethnic group increased in Bolivia, Brazil and Ecuador.

Public policies have played a role in the improvement of indigenous people's economic situation. Thus, access to basic public services like electricity, piped water and sewerage connection have improved since the 2000s for indigenous populations in Bolivia, Costa Rica, Ecuador, Panama, Peru and Brazil²¹. Likewise, the gap in access to primary education is almost closed, and it has diminished in secondary education as well (Ñopo, 2012). Also, the expansion of bilingual education in Peruvian schools is already benefitting learning outcomes in Mathematics (Hinsjyo and Damon, 2016).

²⁰ These are Bolivia, Brazil, Chile, Colombia, Ecuador, Guatemala, Mexico, Panama, Peru and Uruguay.

²¹ The exception is sewerage connection in Brazil, which actually decreased significantly.

Also, the implementation of Prior Consultation laws, based ILO's Convention 169, gives indigenous and native communities the right to voice concerns and make binding decisions when governments try to exploit their land. Notorious examples of countries with these laws are Colombia, Costa Rica, Nicaragua, and Peru. In the case of Peru, a historical landmark in this process was the granting of land property rights to native Amazonian communities that started in 1978 with the Law of Native Communities. Peru is an interesting case study in the implications of the coexistence of indigenous groups, mining and oil companies, and the government. The implementation of free, prior and informed consent is not unproblematic, due to the asymmetries in power between foreign companies and indigenous communities, and weak state capacities. Strengthening state capacities in this area could benefit both firms and communities.

To summarize the human rights landscape and trends in the America's:

Gender

- The Americas have made progress in closing gender gaps, but there is still some way to go towards gender parity.
- In LAC, a specific problem is the unpaid work gap.
- Also, there is a gender gap in political representation. LAC is leading the way to close it, closer to parity than the US and Canada.

LGBTQ+ Rights

- Same-sex sexual activity was fully decriminalized in 24 LAC countries in 1999 and by 2013 in 32. In 1999, only three countries had legal clauses against gender identification discrimination and four against sexual orientation. By 2013, 12 and 16 countries had these legal statutes, respectively.
- Most advances have occurred in Spanish and Portuguese speaking countries, while the Caribbean is lagging behind.

Racial Minorities

- In the America's, minorities live under economic disadvantages. Racial disparities in the US are well-documented.
- Violations of human rights of targeted groups are common in the Americas. In the US Muslims and Hispanics are the most recent victims. In LAC, LGBTQ+Q+ groups, and indigenous peoples suffer every-day violence.
- Unlawful killings are also a regional issue. In the US, the black population suffers from systematic police bias. In LAC, unlawful police killings are commonplace in Brazil, Honduras, Dominican Republic and Jamaica.
- In LAC, there is evidence that gaps in poverty and access to public services are closing for indigenous population relative to non-minority population. Although there is evidence that blacks are leaving poverty, it's not so clear the gaps are closing.
- Although the implementation of Prior Consultation laws is helping the indigenous population, conflict with resource-extracting firms and governments are common.

6. Migration and Refugees

Migration is a deep-seated phenomenon in the Americas. To a greater or lesser extent, countries in the region have been forged by immigrants and to this date are still being reshaped by them.

At least since the mid-20th century migratory flows throughout the continent have followed two distinctive pathways: northern nations (Canada and the United States) began sheltering migrants while southern ones (Latin America and the Caribbean) started producing them. By 2015, immigrants living in the United States comprised 14.5% of the country's total population and more than half of them hailed from Latin America and the Caribbean. While the region's developing nations' proclivity to expatriate their own nationals continues to this date, emigration towards northern countries is declining in favor of south to south migratory exchanges within the continent. Migratory exchanges are intensifying within the Americas as economic growth reaches previously struggling countries, while others continue to lag behind. The number of LAC migrants living within LAC grew by 32% between the years 2000 and 2010²².

The distribution of migrant population varies across the region. Mexico alone accounts for 40% the regional emigration; while the countries with the highest percent of emigrants relative to their local populations belong to Central America. The analysis of the censuses published around the year 2010 unveiled that over 30 million migrants from Latin American and Caribbean countries were scattered throughout the world. According to the same dataset, a sixth of the aforementioned population resided in LAC.

In recent years, two migratory processes have drawn particular attention to the region: the Venezuelan exodus and the Central American "migrant caravans". In the first case, the deepening of the political and economic crisis has been pressuring increasingly large groups of Venezuelan nationals out of the country and into neighboring nations. In the second case, citizens belonging to the "northern triangle" countries (El Salvador, Guatemala and Honduras) attempt to escape poverty and violence by seeking shelter in the region's most developed nations.

By April 2019 the International Organization for Migration (IOM) estimates that the sum of Venezuelan citizens living abroad around 3.7 mn.²³ The bulk of this number concentrates in Colombia where it amounts to over a million while in Peru the latest data available suggests it has reached 700,000²⁴. This process poses new challenges to the region, especially to the abovementioned countries, as south-south migration within the Americas has acquired new dimensions. A major concern regarding the Central American "migrant caravans" are the increasing numbers of minors and small children travelling on their own. While their numbers are fewer than those of Venezuelan migrants their lack of success and the harsh migratory policies implemented by the United States make this an alarming matter to the region.

²² Data presented in this section has been taken from J. Martínez Pizarro and C. Orrego Rivera, "Nuevas tendencias y dinámicas migratorias en América Latina y el Caribe". Santiago: CELADE, Report n°114, 2017.

²³ IOM's data was taken from the "R4V: plataforma de coordinación para refugiados y migrantes de Venezuela".

²⁴ According to Peru's Superintendencia Nacional de Migraciones.

7. Key Global Actors in the Region

United States

“The era of the Monroe Doctrine is over”, announced John Kerry, second secretary of state to the Obama administration, in speech at the Organization of American States in 2013²⁵. Ever since the beginning of the 21st century, Latin America appears to no longer be the US’s backyard. Albeit with considerable changes in discourse from that set by his predecessor, a closer glance at President Trump’s agenda suggests that the region is still a minor concern to US foreign policy interests. As Alexander Maine (2018), Director of International Policy at the Center for Economic and Policy Research (CEPR), points out, though tactics may change over time, the superpower’s overarching goal remains to be one: to preserve US hegemony throughout the countries of the Americas.

Trump’s decidedly more aggressive style of managing politics has not contributed to a better context for relations with the rest of the region. The reasons that account for this juncture are namely three: 1) rolling back from Obama’s widely praised policies aimed at re-establishing relations with Cuba, 2) building a wall at Mexican border and 3) the scaling of the Venezuelan crisis to the brink of a possible military intervention. As has been a trend in American history, these pivotal points in Washington’s agenda regarding the Americas are more so than not a product of domestic struggles carried out to strengthen the government’s position.

Antidrug and counterinsurgency strategies continue to define the US’s regional security agenda. Plan Colombia (now Peace Colombia) and the Merida Initiative are clear illustrations of such concern. The first was comprised a set of foreign aid, military and diplomatic measures aimed at counteracting drug cartels and left-wing insurgents (FARC guerrilla) in Colombia; while the second, shaped after the first, is a security agreement supporting the militarization of the war on drugs in Mexico. Both these initiatives tend to receive significant criticism as their approach to otherwise conceived health issues has taken a toll on the lives of thousands of the region’s inhabitants. Despite the Cold War having ended over two decades ago, US military programs alongside with the previously mentioned security assistance, allow the Pentagon to secure a strong position of influence within the Americas.

In geopolitical terms, the presence of China in many Latin American countries poses a significant threat to the US’s longstanding objectives. China’s growth as a main trading partner to the Americas has arisen fear amongst US officials who are now increasingly referring to the Chinese “threat” in the region. Additionally, while it is unclear whether or not the Asian country is adhering to its non-intervention policy, a decided reluctance to siding with US’s political stances in the continent has become apparent in recent years.

China

China’s foreign policy agenda holds developing countries highly. Nonetheless, its well-established south-south cooperation approach to the world varies from region to region. Beijing exerts substantial political influence over its African partners while its relationship

²⁵ The Monroe Doctrine was a US’s policy opposing European Colonialism in the Americas during the mid-19th century. Amid the heyday of the cold war, this approach transitioned to a “good neighboring” policy, which was set to justify US unilateral intervention in Latin American countries.

with the Americas has not yet transcended much farther from economic and commercial interactions.

Chinese objectives concerning the economy and trade in the Americas have been two: 1) access to raw materials and 2) introducing Chinese manufactures in new markets. Now the second trading partner to Latin America, the Asian country's thirst for natural resources fed a "commodities boom" in the region which led to high patterns of economic growth amongst China's key partners in the region, as explained in section 2.

An unattended trend in Chinese relations with the Americas is its recent eagerness to invest in infrastructure. China is planning on building a 5,000-kilometer railway connecting Brazil's Atlantic coast to Peru's Pacific one (a project commonly regarded as the "Twin-Ocean Rail") and is currently involved in the construction of a costly dam in Ecuador. According to the New York Times, the latter is providing the Asian giant about 80% of Ecuador's oil as the contracts are to be repaid in petroleum and not dollars (Casey and Krauss 2018). This scenario links China's involvement in infrastructure building in the region with gaining access to the continent's natural resources.

China faces two main challenges in the continent: 1) US presence impairs the deepening of Chinese relations within the region and 2) nine out of the 17 disavowing the "One-China policy" are found in the Americas²⁶. To counteract US involvement in the Americas, China employs a "soft-balancing" strategy, a non-military approach aimed at balancing power in the region by "soft power" tactics such as the Peace Ark (a Chinese hospital ship travelling the world)²⁷. The latter is addressed through diplomatic channels. This is consistent with its global political non-intervention stance.

European Union

Aside from the Iberian countries (Spain and Portugal), the larger portion of EU member states (Germany, Belgium, France, Italy, the Netherlands, the UK and Sweden) privilege their relations with certain countries in the region based on bilateral and sectorial interests ranging from economic and business relations to the presence of large emigrant communities. To a large extent, however, it remains unclear what the EU as a bloc wants and expects from its relations with the Americas (Malamud, 2018).

The EU's current areas interests in the region can be categorized as four: 1) accessing new sources of fossil fuels in order to cut its dependency on Russia and Middle Eastern countries, 2) to finance development initiatives in the region, 3) to provide security and defense aid, and 4) to seek the strengthening of the region's multilateral organizations so to build political ties with the continent as a unified front, similar to itself. By this fashion, CELAC is regarded as a key actor related to the EU's future involvement in the Americas.

Currently one important challenge for the EU towards strengthening relations with the continent concerns Brexit. The absence of the UK could have a negative effect on the

²⁶ The "One-China policy" pushes forward the recognition of only one Chinese country: either the People's Republic of China (PRC) or the Republic of China (Taiwan). The nine Latin American countries which fail to recognize the PRC are as follows: Belize, Guatemala, Haiti, Honduras, Nicaragua, Paraguay, Saint Kitts and Nevis, Saint Lucia and Saint Vincent and the Grenadines.

²⁷ Soft power is the ability to shape preferences through appeal and attraction rather than through coercion.

negotiations underway with many of the region's countries; as it is understood that British involvement accounts for a great deal of the EU's attractiveness to foreign partners.

Russia

In a 2014 interview, President Putin stated that Russia was “interested in a strong, economically stable and politically independent, united Latin America that is becoming an important part of the emerging polycentric world order”²⁸ (Putin, 2014). Thus, Russia's involvement and interest in the Americas is primarily oriented towards the formation of a multipolar international ecosystem (Ciccarillo, 2018).

For the most part of the 21st century, and ever since the collapse of the Soviet Union and the End of the Cold War in 1991, Russia's foreign policy interests have been mainly focused on Eastern Europe and Middle Eastern countries. Nonetheless, Latin America and Russia have long shared a history of military exchanges. Countries such as Peru, Brazil, Nicaragua and Venezuela have been known to purchase weapons and military equipment from Russia as opposed to the US for years dating back to the bipolar world. For many years now, this has been the country's primordial means of interacting with region.

In recent year, Russia has been keen in expanding its relations with the Americas and Latin America in particular towards new directions. In this regard, most countries in the region have now secured a visa-free travel agreement with Russia, which has proven of great use during the 2018 football world cup. Additionally, Russia is seeking for further commercial and trade integration with the continent regarding key areas of interest, such as energy.

That being said, Russia maintains close political ties with a few core ideological allies within the region (Venezuela, Cuba, Nicaragua and Bolivia), which hold an anti-imperialist (mainly anti-American) foreign policy agenda. Russia has been benefited from aligning itself to Latin American interests as it serves the purpose of challenging US hegemony in the continent both symbolically and substantively. In a more decisive manner than China, Russia seeks to detract US power wherever they are able to; therefore, Latin American countries are becoming increasingly attractive to the fulfillment of said goal. Most recently, the presence of Russian troops in Venezuela is a more definite example of the aforementioned strategy.

Summarized position of key political actors include:

- The US has become increasingly less involved with the region, though it continues to exert its hegemony over the region.
- To some extent, China and Russia are benefiting from the US' relative absence in Latin American countries.
- China is increasingly involved both in trade and investment in LAC, although its political involvement is still quite limited.
- The EU remains to establish a common agenda with the Americas despite the fact that a significant number of member states are involved with the region's countries and share multiple interests with them.

²⁸ See RT International: “Cooperation with Latin America is Key to Russia's Foreign Policy – Putin”.

8. Environmental Challenges and Opportunities in the Americas

In the past decades, scientists have unequivocally attributed a large portion of climate change to human activity and have expressed tremendous concern over its potential environmental consequences, alongside its catastrophic effect on our well-being (Stern, 2007). Between 1990 and 2014, the amount of CO₂ equivalent gases (CO₂-eq) emitted worldwide rose steadily from 33,600 to 48,400 megatons. This implies we emit six tons of CO₂-eq gases per capita, while studies argue that reducing emissions to two tons per capita is necessary to prevent devastating environmental scenarios (Stern, 2007; Intergovernmental Panel on Climate Change, 2013).

Emission Trends

In 2014, The Americas regional per-capita emission rate was above average -- the region was responsible for a quarter of the world's greenhouse gas emissions and hosted only a seventh of the population. This high regional rate is driven by North America, where 5% of the population lives and 15.1% of total CO₂-eq gases are emitted. On the other hand, LAC is in line with the world average per capita emissions, contributing roughly its population share²⁹.

Recently, LAC has made limited progress reducing emissions. Although they fell from 4,547 to 4,020 CO₂-eq megatons between 2005 and 2014, these lie well above the target levels suggested by Stern (2007). LAC's emissions by sector in 2014 reveal that the largest contributions come from energy (46%), agriculture (23%) and changes in land use (19%). While contributions from changes in land use have significantly declined since 2005, emissions in energy and the agriculture sectors keep increasing. Comparing these figures to the world's emissions by sector reveals both opportunities and challenges. The LAC energy sector contributed significantly less than the world's in 2014 (which was responsible for 71% of total emissions) but emitted proportionally more in agriculture (11%) and changes in the use of land (7%).

As LAC incomes rise, consumption patterns could curb emission target achievement. A study suggests that increases in income lead to higher fuel demand in LAC than in OCDE countries and increases in gas prices reduce demand less in LAC than in the OCDE countries. Also, comparing the distribution of the percentage of expenditures to income between income-deciles in LAC provides reason to think that consumption of high-emission goods and services such as energy, transport and health will rise.

However, investment in public goods and renewable energy may provide a solution. Governments should increase investment in public transportation and other sectors where economies of scale can reduce social costs. LAC has a clear opportunity to become a leader in clean energy -- 25% of its energy production matrix is composed of renewables compared to 13% for the world. Moreover, there is ample room for growth, as the region has potential to increase water, wind and geothermal energy production.

²⁹ Figures for the Americas and LAC in this section come from ECLAC (2018), unless otherwise noted.

Climate Change Effects and Adaptation and Mitigation Strategies

The poor are the most vulnerable to climate change as they tend to live in the most exposed geographic areas and are ill equipped to adapt their production and consumption to the changing environmental conditions. For instance, a study estimates that the productivity of the agricultural sector will fall between 3 and 15% worldwide due to climate change and between 13 and 24% in LAC (Cline, 2007), where agriculture comprises 19% of the workforce and 5% of GDP. Further, estimates predict that the effects of climate change on agricultural productivity will be heterogeneous, affecting lower income countries the most.

Other risk evaluation assessments point to forest depletion, biodiversity loss, changing precipitation patterns and rising sea levels as possible areas of concern. Loss of habitats, such as forests, is the number one cause for loss of bio-diversity. In the past 15 years, LAC has lost 96 million hectares of forests; Brazil, Paraguay, Argentina and Bolivia feature among the top 10 countries in loss of forest area between 2010 and 2015 (FAO, 2015). This is worrying as LAC hosts 25% of all forests and 50% of all life forms in the world. Also, precipitation patterns are changing, leading to hydric stress and higher disaster likelihood. Central America and Mexico, the Caribbean and the Amazonian region are expected to become drier while South America will be more prone to flooding. Finally, rising sea levels may pose threats to the population. In LAC, a significant number of people live close to vulnerable coasts, particularly in Brazil, Mexico, Cuba, Colombia and Peru.

The majority of LAC countries have set nationally determined contributions (NDCs), which specify target emission reduction levels by 2030 and identify priority sectors to do so. In South America, 13 out of 18 countries have set quantitative NDCs while the biggest economies have set unconditional emission target reductions³⁰. In the Caribbean, only three countries have not established an emission reduction target³¹. Moreover, all LAC countries have adaptation and mitigation strategies in different sectors. However, among the biggest LAC economies, Canada and the US, the unconditional NDCs are very far from the 2 ton per capita Stern Review threshold. A number of studies calculate economic impacts of climate change in the event of a 2.5-degree Celsius rise in temperatures after 2050 between 1.4 to 4.3% of GDP³², while ECLAC (2018) estimates adaptation costs up to 2050 to be between .29 to .37% of GDP. Thus, investments in adaptation have a highly positive payoff.

Within this macro-context, certain widely applicable climate change mitigation and adaptation strategies seem to be key, and should be the focus of future policy discussion in the Americas. In terms of mitigation, reducing LAC's high rate of deforestation is a first – forests are important habitats for life and in reducing greenhouse gases. Second, developing renewable resources is important; LAC has ample reserves of these to exploit; they are a green source of energy, and, as opposed to finite fossil fuels, these are infinite. Third, as the frequency of natural disasters increases, assessing and managing risks will be key for prevention efforts, specific perils are rising sea levels and floods. In terms of adaptation

³⁰ These are Argentina, Brazil, Chile, Colombia, Mexico and Peru.

³¹ These are Antigua and Barbuda, Guyana and Suriname.

³² Bosello et al. 2009; Mendelsohn et al, 2000; Bosello et al, 2009; Norhaus and Bayer (2000), Fankhauser and Tol, 1996; and Pearce et al., 1996.

strategies, the America's dense urban centers must take up the challenges of climate change and turn into sustainable cities that provide efficient services to their populations. Lastly, but by no means least, environmental governance, an overarching theme in dealing with climate change, will be increasingly important in making effective use of resources and informed decisions along the tumultuous road to sustainability.

To summarize:

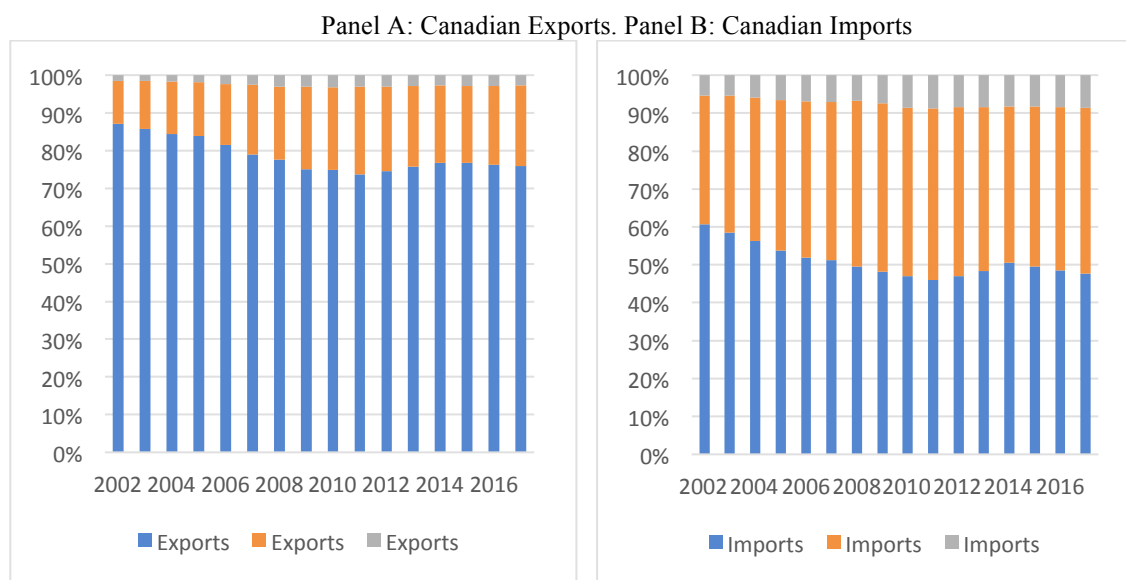
- The America's per capita emission are above the world average. North America drives this trend while LAC lies close to the average.
- As world CO₂-eq emissions increased, LAC's decreased from 2005 to 2014.
- LAC's energy sector produces fewer emissions per capita than the world, while agriculture and changes in land use produces more emissions per capita.
- The relation between income and per capita consumption of goods and services suggests that LAC's emissions are bound to increase. Thus, promoting investment in energy efficient public goods such as transportation will be beneficial.
- LAC's agricultural sector will bear significant losses in productivity due to climate change.
- The majority of LAC countries have set mitigation and adaptation strategies to achieve their NDC target emission rates and identified key strategies where action must take place. However, the NDCs are nowhere near the 2-ton per capita level necessary to avert a climate catastrophe.
- For LAC the potential costs of climate change are very big. However, adaptation and mitigation are cost efficient strategies to counter this trend.

9. Potential Implications of Trends for Canada's Involvement in the Region

Canada's and the Americas' Economies

Canada's engagement in the economy of the Americas is well represented by the figures on trade and investment. Figure 15 shows both exports and imports grouped by their destination: North America, LAC, and rest of the world. As can be observed, the share of its exports to North America has declined for about the last two decades. In contrast trade with both LAC and the rest of the world has gained in importance. Exports to LAC have gone from 1.5% of 250 Bn. USD in 2002 to 2.7% of 432Bn. USD in 2017. Although the absolute value of exports going to North America increased, Canada's exports with LAC and the rest of the World grew at a faster pace. On the other hand, imports from LAC have gone from 6 to 9%. These still small numbers suggest that Canada could benefit significantly from a prosperous LAC, both as a buyer and as a seller.

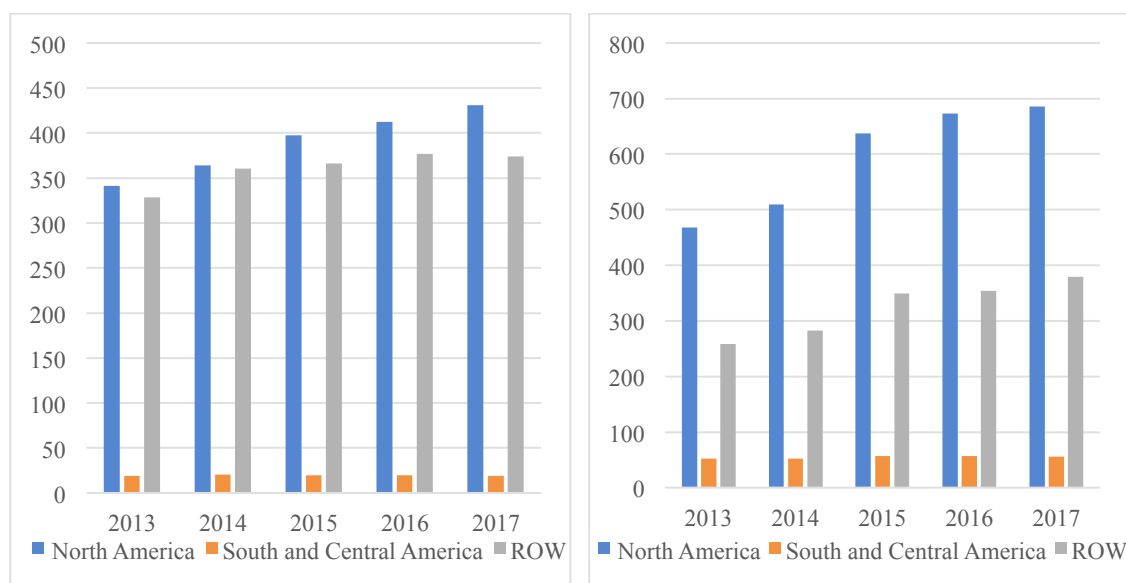
Figure 15. Percentage of Total Canadian Trade by Partner



Source: World Bank, World Integrated Trade Solutions.

As far as investment exchanges, Figure 16 shows both inflows into Canada and outflows from Canada. Clearly, investment from LAC is a small portion of total FDI in Canada, with the US and the rest of the world dominating. Further, LAC's presence declined in the last decade, from 2.7% of the 689 Bn. USD Canada received to 2.3% of 824 Bn. USD, which means that in absolute terms it has largely remained constant at about 19 Bn. USD. Canada's direct investment in LAC is more important for both Canada and LAC, representing 4.9% of total Canada's investment abroad in 2017. This represents a decline from 6.7% in 2012. In turn, Canada's 55 Bn. USD represented 2.5% of LAC's FDI stock in 2017. This seems rather small and suggests there is ample room for growth.

Figure 16. Foreign Direct Investment in Canada (left panel) and Canadian Direct Investment (right panel) (Stocks, Billions USD)



Source: Statistics Canada, CANSIM 376-0051

Implications and Recommendations

From the analysis presented in this document we derive the following implications and suggestions for Canada's engagement in the region.

Economy

LAC faces a challenging economic environment in the coming years. It would be in the interest of Canada to promote and support a growth agenda with a focus on increasing investment and productivity. This agenda is by no means well defined at this point, but no doubt involves different thematic areas. Key potential thematic elements in this agenda include: reducing barriers to trade, promoting private investment, improving the quality of public investments, upgrading and expanding vocational training and skills development, and promoting institutional reform (i.e., improving rules and regulations). Cross-cutting areas are: promoting policy consensus through public debate, both at an academic level and in the public opinion, supporting sound policy design, and generating adequate implementation systems, including monitoring and evaluation of policy effects. The first cross-cutting area is particularly important since currently there is no broadly shared consensus on how to go about raising productivity. Working with multilateral agencies that are involved with country governments in setting the policy agenda (such as, UNDP IADB or The World Bank) to promote dialogue seems like a potentially effective strategy to promote the type of growth agenda we propose.

Clearly, Canada has relative advantages in supporting some reform areas rather than others. Three come to mind. One, promoting freer trade through work with multilateral organizations with a clear free trade vocation, such as the Pacific Alliance. Two, promoting private investment, particularly from Canadian firms and partnerships between Peruvian and Canadian firms. The numbers shown above suggest that investment flows between Canada

and LAC are rather small, given the size of the economies, and could expand significantly. Identifying and eliminating obstacles to larger flows is one important area of work. Three, supporting specific areas that are key to increase productivity and where Canada has knowledge and experience to share. A case in point is skills development policies; another is the development of the supply chain around mining.

Democracy

In spite of the increasing trend in scepticism on democracy, most LAC citizens appreciate living in a democratic society, even when they may be deeply unsatisfied with its current economic and social results. One way to fight such scepticism, which is also behind the rise in populism, is through strengthening state capacities to better tend to the demands of the population. While there are very many areas where LAC countries could use support to improve public sector performance, strengthening the Judiciary and in general the Justice system (general courts, specialized courts, office of the Attorney General, Comptroller's Office, *inter alia*) would be good both for democracy as well as for economic growth. In effect, as we have argued above, LAC's civil society is increasingly aware and ready to stand for their rights, as well as expect punishment for those who misuse their power. Without an efficient Judiciary, these demands will not be fulfilled. Also, rule of law is an area much appreciated by investors and one in which LAC countries have much improvement to make. Thus, the recommendation is to focus on rule of law and specifically on strengthening the Justice system.

Migrations

As pointed out above, while ever present in America's history, migration is changing its patterns in the region. Increasingly LAC countries find themselves in the situation of receiving unprecedented numbers of immigrants. Canada is a worldwide leader in this area and could support efforts by these countries to accommodate and unleash the potentialities of migrants and refugees to contribute to local development. Issues here go from general management of the inflows to basic public service provision, to deploying the human capital migrants bring to their new homes. In any of these activities Canada can make a contribution.

Human Rights

Two areas seem particularly promising for Canada's involvement oriented to improve the human rights situation in the region: justice and implementation of prior consent with indigenous communities. Another potential area is gender. However, in this topic the Americas, and LAC countries particularly, have moved in the right direction as far as closing gender gaps and, indeed, LAC countries are leading the way in closing political representation. While Canada is a leader in the world on this topic and so supporting countries' efforts to build on previous advances could be a fruitful area for collaboration, we recommend prioritizing the two areas mentioned in the first paragraph.

In effect, efforts oriented to improve justice systems in LAC could also involve human rights issues. In fact, improving the Judiciary would itself improve citizens' position to enjoy their human rights. Within a broader effort to improve justice systems, particular attention could be paid to justice around human rights. In addition, Canada is already an observer in the International Court of Human Rights (CIDH). It may want to consider becoming a member.

The implementation of prior consent laws is another example of an area where what is good for human rights is also good for economic development. Currently, the implementation of ILO's Convention 169 is problematic and a large part of the problem lies in the weak capacities of LAC states to have processes that ensure free and informed consent in a context where there are significant asymmetries of power between (often multinational) firms and local communities. Further, this can be a serious impediment to attract substantial investment in an area where many LAC countries have comparative advantages, such as in mining. Thus, by strengthening the states' capacities in this area, it is more likely to have an environmentally sustainable industry that can provide much needed development in typically poor areas. On the environmental theme, the support of local communities in the implementation of Convention 169 could also contribute to reducing the rate of deforestation. Although Canada has not signed in Convention 169, it has much experience in developing mining in the presence of indigenous communities, so it is well equipped to provide support in this area.

Crime and Drug Trafficking

Finding solutions to drug trafficking requires international cooperation. Cocaine is an export product overwhelmingly consumed in the global North. It seems unlikely that cocaine production will be substantially curtailed if demand is not diminished. On the other hand, LAC countries need to rethink their approach to drug control, so as to reduce the violence the current approach breeds. Canada could support efforts in both of these directions.

Prioritizing Areas of Engagement

As the above discussion suggests, a number of areas of potential areas of collaboration point in the same direction as far as results. For instance, strengthening democracy through supporting efforts in the area of rule of law, and more specifically strengthening the Judiciary, in addition to be worthy pursuits towards strengthening democracy, can contribute to a better business environment, thus stimulating private investment, both local and foreign. Likewise, supporting efforts towards better implementation of Convention 169 can improve the lot of indigenous populations as well as contribute to a better business environment in an area which is key to Canada's economic engagement with LAC, such as mining. Thus, there are a number of potential synergies between the areas identified.

Finally, we have made an effort in prioritizing potential areas of engagement, considering the cross-cutting areas for intervention: consensus building, sound policy design, and policy implementation. Results are presented in the following Table 1.

Table 1: Prioritization of Proposed Areas of Engagement

	Migration	Institutions for Democracy	Investment and Productivity			
			Business Environment	Trade	Skills Development	Public Investment
Consensus Building	High	No	High	Low	High	No
Sound Policy Design	High	Medium	High	High	High	Medium
Policy Implementation	Medium	High	Low	Low	Medium	High

Source: Prepared by Author.

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Appendix 1

Growth in the Americas

Table A1: Growth Rates in LAC

Country	2012	2013	2014	2015	2016	2017	2018	Avg.
Antigua and Barbuda	3.507	-0.104	4.658	4.026	4.827	3.627	.	3.42
Argentina	-1.026	2.405	-2.513	2.731	-2.08	2.669	-2.515	-0.05
Aruba	-1.368	4.165	0.904	-0.448	0.483	2.308	.	1.01
The Bahamas	3.087	-0.41	-0.148	1.045	-1.69	1.437	.	0.55
Barbados	-0.065	-1.366	-0.176	2.211	2.273	-0.168	-0.5	0.32
Belize	2.938	0.852	3.692	3.432	-0.588	1.437	.	1.96
Bolivia	5.122	6.796	5.461	4.857	4.264	4.195	.	5.12
Brazil	1.928	3.008	0.506	-3.549	-3.313	1.057	1.113	0.11
Chile	5.332	4.049	1.769	2.307	1.694	1.257	4.022	2.92
Colombia	3.903	4.567	4.729	2.956	2.087	1.351	.	3.27
Costa Rica	4.797	2.269	3.515	3.632	4.246	.	.	3.69
Dominica	-1.07	0.771	4.187	-3.658	2.638	.	.	0.57
Dominican Republic	2.717	4.875	7.636	7.033	6.612	4.552	.	5.57
Ecuador	5.642	4.947	3.789	0.099	-1.226	2.368	1.054	2.38
El Salvador	2.814	2.239	1.71	2.395	2.511	2.305	2.536	2.36
Grenada	-1.155	2.351	7.344	6.443	3.736	5.059	.	3.96
Guatemala	2.97	3.698	4.174	4.14	3.092	2.76	.	3.47
Guyana	5.039	5.018	3.898	3.055	3.356	2.141	.	3.75
Haiti	2.885	4.241	2.803	1.211	1.453	1.173	1.484	2.18
Honduras	4.129	2.792	3.058	3.84	3.752	4.93	.	3.75
Jamaica	-0.502	0.208	0.573	0.85	1.504	0.658	.	0.55
Mexico	3.642	1.354	2.804	3.288	2.922	2.07	.	2.68
Nicaragua	6.496	4.927	4.785	4.769	4.659	4.861	.	5.08
Panama	9.779	6.903	5.067	5.733	4.966	5.321	.	6.29
Paraguay	-0.539	8.417	4.861	3.08	4.313	4.958	.	4.18
Peru	5.951	5.837	2.394	3.274	4.043	2.475	3.994	4.00
St. Kitts and Nevis	-0.656	5.466	6.056	2.147	2.318	1.171	.	2.75
St. Lucia	-0.314	-1.995	0.005	0.271	3.891	3.672	.	0.92
St. Vincent and the Grenadines	1.299	2.494	0.243	0.836	0.83	0.687	.	1.06
Suriname	2.697	2.931	0.254	-3.414	-5.56	1.691	.	-0.23
Trinidad and Tobago	-0.681	2.272	-1.252	1.918	-6.501	-2.033	.	-1.05
Uruguay	3.538	4.638	3.239	0.371	1.69	2.657	.	2.69
Venezuela	5.626	1.343	-3.894	-6.221	-17.04	15.671	.	-5.98

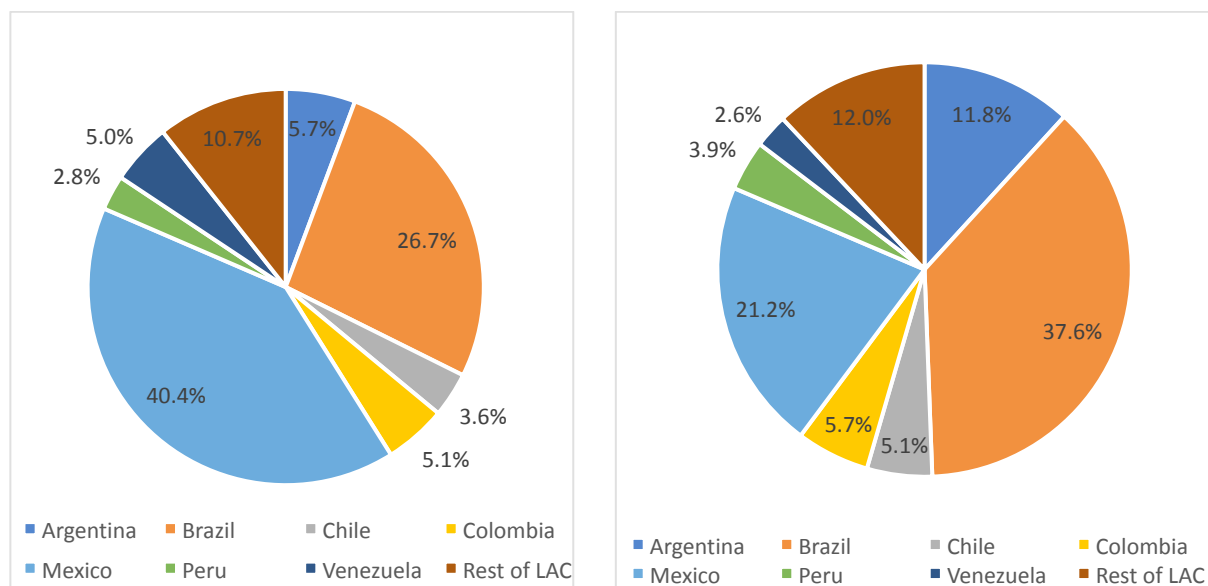
Source: IMF, World Economic Outlook Database 2019

Appendix 2

The Changing Importance of Economies in the Region

Figure A1: Important LAC Economies' GDP Relative to LAC GDP Size

Panel A: Year 2002 Relative Sizes. Panel B: Year 2017 Relative Sizes.



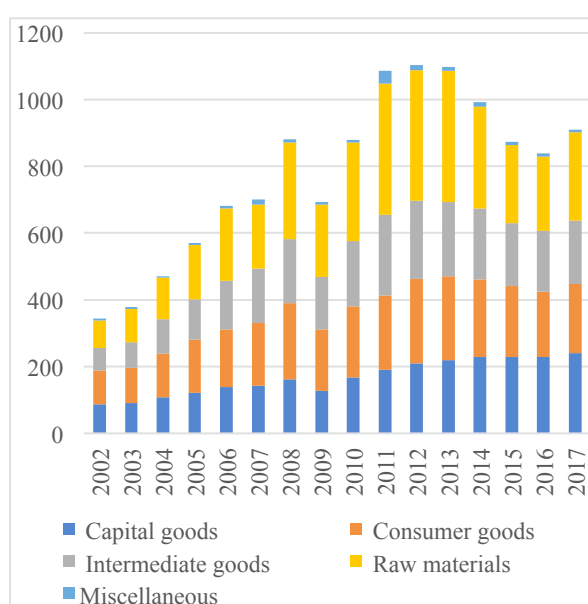
Source: IMF, World Economic Outlook Database 2019

Appendix 3

Trade in the Americas

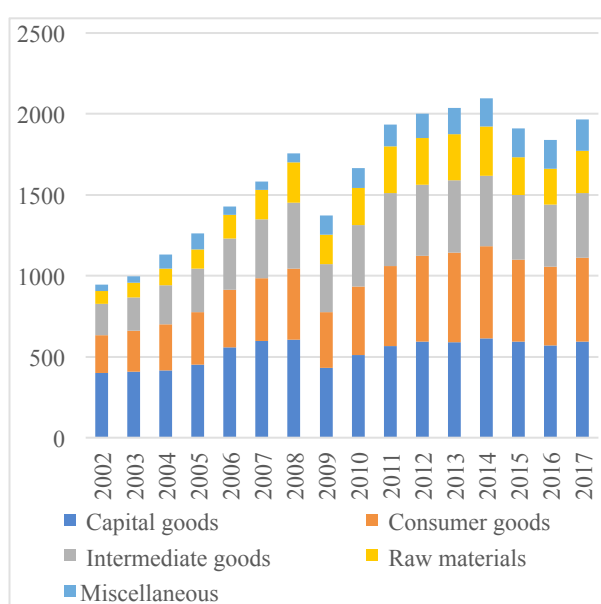
Figures 15 and 16 below show the evolution of LAC's and North America's exports in billions of USD by product type, respectively. The yellow segment in both figures shows the portion of commodities exported. Figure 4 shows that beginning in 2005, commodities became the most valuable export for LAC and have remained so. However, the growth and later decline in the value of commodities was proportionally greater than other goods' categories and an important factor in the reduction of exports. On the other hand, this has not been the case for North America, where each category of goods, capital, intermediate and consumer, is greater than commodities.

Figure A2: LAC Exports in Billions USD By Product Type



Source: World Bank, World Integrated Trade Solution Database 2019

Figure A3: North American Exports in Billions USD By Product Type



Source: World Bank, World Integrated Trade Solution Database 2019

Appendix 4

The Inter-American Multilateral Ecosystem

Scholars and diplomats around the world share a common ground when discussing the current state of global multilateralism: they agree it is in crisis³³. The Americas are no stranger to such phenomenon; the changing nature of its countries foreign policy agendas and the absence of leadership within the region have impaired multilateral organizations from thriving.

In effect, efforts aimed at procuring regional integration in the Americas have proven to be widely unsuccessful³⁴. Regionalism has been mostly circumstantial. Aside from the establishment of the US-sponsored OAS in 1948, attempts at building regional institutions have come in two waves. The first sparked in the 1960's amid the heyday of ISI (import substitution industrialization) policies and ECLAC's influence over the region. The two most notable innovations that came into being during this timeframe were the Latin American Free Trade Association (LAFTA) and the Andean Pact (once regarded as the most ambitious regional scheme outside of Europe). This integration paradigm came to an end during Latin America's "lost decade", a bleak period marked by severe economic crisis across the region in the 1980s. The second wave originated on the brink of the new millennium and was inspired by the rise of neoliberalism. Multilateral organizations born in this era, such as the Southern Common Market (Mercosur), embraced a negative integration approach³⁵. As a result, their prime focus was set on eliminating tariff barriers, attracting foreign direct investments (FDIs) and liberalizing public services.

Regionalist enterprises in the continent have been a testament to its cleavages. Integration processes in the Americas have been far from comprehensive, usually only comprising a handful of nations belonging to a certain geographic or political bloc. This ongoing dynamic was most recently embodied by the emergence of two axes: Brasilia and Caracas. The first sought to strengthen Brazil's leadership within the region by means of the Union of South American Nations (USAN) while the second intended to expand Venezuela's sphere of influence through the Bolivarian Alliance for the Peoples of Our America (ALBA). Both these initiatives have now reached deadlock as the current state of the aforementioned countries domestic affairs (*Lava Jato* corruption scandals in Brazil and the instability of Nicolás Maduro's authoritarian government in Venezuela) have prevented them from fulfilling their foreign policy goals.

The relative absence of regional leadership has been a key factor surrounding the deficiencies of the Inter-American multilateral ecosystem. Either because they are unwilling or unable, regional hegemony have yet to lead multilateral organizations towards a more significant role in the international arena. Two factors may have impaired nations such as Brazil or Mexico from taking this role: 1) the aforementioned proclivity to major ideological shifts in government and 2) the presence of global powers (the United States of America, China and to

³³ This was ratified by Alan Wagner, former President of the Andean Community, as well as by international relations experts Gustavo Martínez and Oscar Vidarte

³⁴ Integration is understood as "the process whereby nations forgo the desire and ability to conduct foreign and key domestic policies independently of each other, seeking instead to make joint decisions or to delegate the decision-making process to new central organs; and the process whereby political actors in several distinct settings are persuaded to shift their expectations and political activities to a new center" (Lindeberg: 1963, p. 6).

³⁵ The terms "positive" (the building of supranational institutions) and "negative" integration (the dismantling of trade barriers) are attributed to Jan Tinbergen.

a lesser extent Russia) within the region. The first decade of the century brought a “pink tide” (a left-wing turn in governments) to the continent. As many as fourteen countries in the region transitioned to the left at some point in the last twenty years (most notably, Argentina, Bolivia, Brazil, Venezuela and just recently Mexico), shaping their foreign policies to fit their newly acquired ideological positions. Whereas nowadays political scientists are starting to consider whether a new turn to the right, motivated by the weariness of leftist policies, is taking place in the region. If this were to be the case, it then comes as no surprise that now right-wing governments in Argentina, Brazil, Colombia and Peru have resorted to temporarily pulling out of the Brazilian Worker’s Party- pushed UNAS³⁶. Such volatility in the political arena has proven to be detrimental to common foreign policy agendas, especially to those as permeable to internal affairs as they are in the Latin American portion of the continent.

In addition, despite the US being of paramount importance to the region, its foreign policy interests have progressively drifted away from the rest of the Americas. A trend that has now reached a new peak as president Trump’s disregard for the region unquestionably exceeds that of its predecessors (only regarding Venezuela as a key concern to its administration). It is now up to the continent’s leaders to make the best out of this situation.

³⁶ The Worker’s Party (*Partido dos Trabalhadores* in Portuguese) is Brazil’s most prominent left-winged party. It is also the political organization that sponsored the presidencies of Luis Inácio Lula da Silva and Dilma Rousseff.

Appendix 5

List of Interviewees

- Michael Shifter (Inter-American Dialogue) – Inter American relations specialist
- Javier Sánchez-Checa (Peru's Ministry of Foreign Relations) – Peruvian Diplomat
- Carlos Linares Villegas (Peru's Ministry of Foreign Relations) – Peruvian Diplomat
- Guillermo Perry (Professor, Universidad de los Andes, former Chief Economist for Latin America, World Bank) – Economist
- Augusto De la Torre (Professor University of Columbia, former Chief Economist for Latin America, World Bank) – Economist
- Santiago Levy (former Vice President of Knowledge, Inter-American Development Bank) - Economist
- Nora Lustig (Director of the Commitment to Equity Institute - Tulane University) – Economist, expert on poverty and inequality
- Diego García-Sayán (former Inter-American Court of Human Rights President) – Human Rights specialist
- Oscar Vidarte (Professor, Pontificia Universidad Católica del Perú) – International relations specialist
- Gustavo Martínez (Consejo Argentino para las Relaciones Internacionales) - International relations specialist
- Daniel Ortega (CAF Development Bank of Latin America) - Economist
- Adriana Arreaza (CAF Development Bank of Latin America) – Economist
- Luis Felipe López-Calva (Regional Director for Latin America, United Nations Development Program) – Economist
- Alan Wagner (former President of the Andean Community) – International relations specialist
- Jeremy Narby – Anthropologist, consultant, expert on indigenous people's rights.
- Manuel Glave (Senior Researcher, GRADE) – Economist, environment and climate change expert.
- María Paz Cigarán, Partner at Libélula Peru, consulting firm on climate change.