¡Bienvenidas y bienvenidos to El CC, CCLATAM's newsletter!. Every other week you'll find the main events shaking up Latin America, from Ushuaia in the south to Los Algodones in the north. Sign up [here](#) to stay updated on the region. Get in touch with us, we may feature an excerpt of your response in the next newsletter.

La Charla

This week, Victor Muñoz and Angel Melguizo sat down with Maria Rocio Vargas to discuss CCLATAM/Argia Partners paper Unlocking the Digital Potential of Latin America and The Caribbean. They argue why the region's digital future will be decided in the next five years, and what it will take to seize it. Their argument rests on four pillars: **Integration**, **Intelligent regulation**, **Incentives over penalties**, and **artificial Intelligence**.

Maria Rocio Vargas Latin America and the Caribbean stand, in your view, at a historic crossroads. Why is this a decisive moment for the region?

Victor Muñoz and Angel Melguizo *The digital economy has stopped being a discrete sector and become the foundational infrastructure on which competitiveness, productivity, and well-being are built. In this context, Latin America and the Caribbean have a unique opportunity. In this CCLATAM paper, we estimate that if the region decisively activates its digital transformation, it could accelerate growth by roughly 1.3 percentage points a year through 2030 — the equivalent of adding an economy the size of Colombia, while generating millions of highly skilled formal jobs. This makes digital transformation a strategic priority that is not technological but economic and social.*

Maria Rocio Vargas You propose a roadmap built on four pillars. Let's start with integration. Why is it so critical in the digital economy?

Victor Muñoz and Angel Melguizo *In the global digital economy, competition does not take place between individual countries but between large economic blocs with enough scale to attract investment, talent, and innovation. Regulatory fragmentation in Latin America and the Caribbean limits that scale, raises compliance costs, and reduces predictability for investors. Regulatory convergence — harmonizing definitions, obligations, and processes — is therefore a structural requirement for building a genuine regional digital market.*

Maria Rocio Vargas What concrete instruments would make progress on that convergence possible?

Victor Muñoz and Angel Melguizo: *Coordinating regulatory timelines and mutual recognition in areas such as digital consumer protection, data, and cybersecurity are key mechanisms. These instruments cut duplication, remove non-tariff digital barriers, and help technology firms expand across the region.*

Maria Rocio Vargas The second pillar is smart regulation. What sets this approach apart from the traditional debate over more or less regulation?

Victor Muñoz and Angel Melguizo: *The question is not the quantity of regulation but its quality. Smart regulation builds in principles of proportionality, risk-based approaches, the use of empirical evidence, and tools such as regulatory sandboxes. It also requires a credible enforcement system. From an institutional-economics standpoint, this reduces regulatory uncertainty and perceived risk, which translates into a lower cost of capital and higher levels of investment.*

The good news is that the region already has good practices delivering strong results in this area. Countries that combine higher regulatory quality with solid institutions show significantly higher levels of investment — in some cases up to 64% higher. International experience, such as the Draghi and Letta reports in the European Union, also shows that overregulation and fragmentation reduce productivity and scale.

Maria Rocio Vargas The third axis is the shift from punishment to incentive. What does this change mean for digital public policy?

Victor Muñoz and Angel Melguizo: *It means rebalancing the approach. Traditionally, digital policy in the region has centered on obligations and penalties. But to mobilize investment and talent, positive incentives have to be part of the mix. That includes encouraging investment in networks and spectrum, setting clear frameworks for data and cloud services, making it easier to build startups, and streamlining permits for infrastructure such as sustainable data centers.*

Maria Rocio Vargas What role does financial innovation play in this process?

Victor Muñoz and Angel Melguizo: *A fundamental one. Instruments such as blended finance reduce risk for private investors through the participation of public or multilateral capital. Likewise, digital development bonds can channel resources toward technology projects with measurable impact, broadening the sources of financing.*

Maria Rocio Vargas The fourth pillar is artificial intelligence. How can the region position itself here?

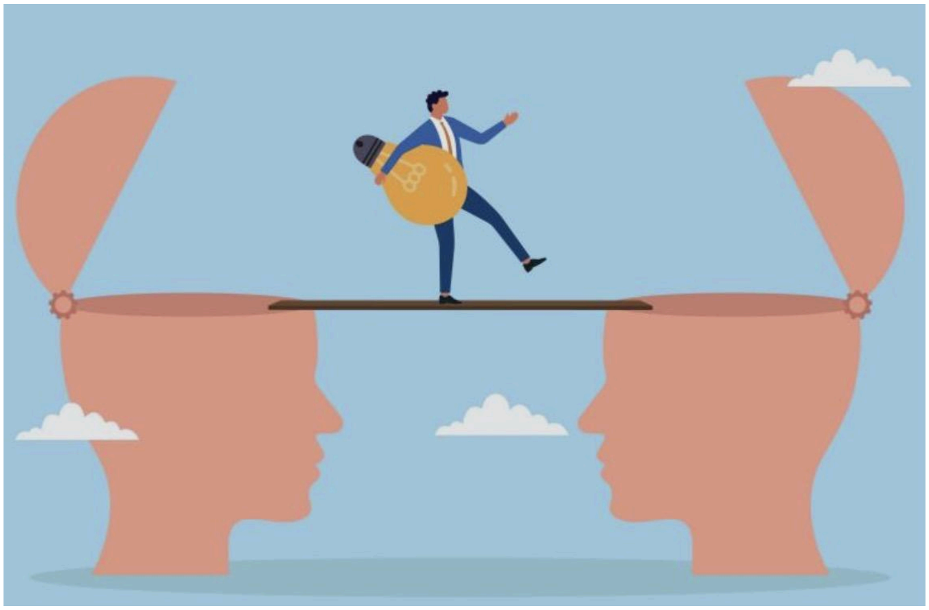
Victor Muñoz and Angel Melguizo: *AI is a structural lever for productivity, but it requires prerequisites: quality data, computing infrastructure, talent, and cybersecurity. Latin America and the Caribbean hold meaningful comparative advantages: abundant renewable energy, favorable climate conditions, a young workforce, and growing connectivity. This opens the opportunity to plug into global value chains through critical infrastructure, such as data centers powered by clean energy and geared toward strategic sectors.*

In particular, we highlight the chance to position the region as a green-computing hub, a "Green AI Valley" with global impact, combining energy sustainability with technology applied to sectors such as health, education, finance, and energy.

Maria Rocio Vargas Finally, you speak of a critical window between 2026 and 2030. What is at stake in this period?

Victor Muñoz and Angel Melguizo: *This period is decisive because it coincides with an unprecedented acceleration in the development of artificial intelligence and with a real opportunity for the region to embed itself in its value chains. The roadmap requires advancing simultaneously on regulatory convergence, institutional quality, investment, AI development, and talent formation. Latin America and the Caribbean have a great deal to gain, but time is limited. Integrating, regulating better, investing strategically, and committing to productive and responsible AI is not an option — it is a necessary condition for not being left on the margins of the next wave of global growth.*

The Brain Drain Issue



For most of the past half century, **the phrase "brain drain"** has summoned a single and familiar image, that of a newly credentialed doctor, engineer, or researcher packing a suitcase and boarding a flight toward a wealthier country willing to pay more for their training than their own could afford. The image is not wrong, and in parts of Latin America it has rarely looked more accurate than it does today.

In Argentina, the austerity program pursued by President Javier Milei has fallen heavily on the country's scientific institutions, and the national research council known as CONICET lost roughly 9% of its staff in the government's first ten months alone as research budgets collapsed to their lowest level in decades. The consequences are visible in the laboratories themselves, where one University of Buenos Aires researcher reported that close to 40% of the scientists in his department had begun preparing to leave. Argentina is not alone in this, and the sheer scale of the broader phenomenon is best captured by Venezuela, whose economic collapse has driven some 7.7 million people, roughly a quarter of its population, to seek their futures abroad.

And yet the suitcase no longer describes most of what is happening to skilled labor across the region. The same forces that once required a professional to emigrate in order to earn a foreign salary now allow many of them to do so without leaving home at all, through what a growing number of analysts have begun to call e-migration, the practice of working remotely for a company headquartered in another country while remaining in one's home country.

The World Economic Forum reports that in 2023 alone more than 2.2 million remote workers based in Brazil, Argentina, and Mexico contributed their labor to global companies without ever crossing a border, a figure that would have been difficult to imagine a decade earlier. The incentive driving this shift is straightforward, since the payroll firm Deel has found that software engineers in developing countries earn on average 28% more when they work for international employers than for domestic ones, and in practice the gap is often considerably larger, which means that a developer in Medellín or São Paulo can now capture a meaningful share of a Silicon Valley wage while continuing to pay rent, raise a family, and spend those earnings within the local economy.

This arrangement complicates the very idea of a drain, because the human capital in question never physically departs, and the taxes, the spending, and the entrepreneurial energy of these workers remain inside the country rather than enriching another. The difficulty is that the same dynamic produces a quieter form of loss, one that unfolds entirely within national borders, as local employers who cannot match the salaries offered by foreign firms find themselves unable to retain precisely the engineers, designers, and analysts their own economies most need. The brain, in other words, does not so much drain abroad as it drains upward, toward whichever employer can pay in dollars.

If e-migration changes the old story, a growing body of evidence changes it further by suggesting that even outright emigration may benefit the countries left behind. The most tangible of these benefits is financial, and the Inter-American Development Bank reports that remittances to Latin America and the Caribbean reached a record $173.7 billion in 2025, a sum equivalent to roughly 2.5% of the region's economic output and, in several Central American economies, a far larger share still (See "El Gráfico).

The less visible benefits may matter more over time, and a 2025 review published in Science, drawing together decades of causal research, concluded that the opportunity to emigrate often raises rather than depletes the stock of human capital in origin countries, working through remittances, foreign investment, the transfer of knowledge and professional norms, and the eventual return of migrants who bring new skills home with them.

None of these gains are guaranteed, however, as the authors of the Science review are careful to note that the outcome depends on whether a country can educate replacement graduates and absorb returning ones, and that conditional quality is about to be tested directly, since a new 1% United States tax on remittances took effect at the start of 2026 and will fall most heavily on the very households that depend on these transfers.

The World Economic Forum's most recent survey of regional employers found that more than half of the largest firms identify the shortage of skilled workers as the single greatest obstacle to their growth, which is why the region can least afford to treat the movement of that talent as a matter of indifference. The temptation for governments across the region is to confront all three of these dynamics with the same instruments, whether retention bonuses, restrictions on the recognition of credentials, or appeals to national loyalty, but treating physical emigration, remote work, and brain circulation as a single problem is precisely what has rendered so much existing policy ineffective. The departure of a publicly trained doctor or researcher represents a loss that justifies targeted retention, while the growth of remote work and the return of skills and capital through diaspora networks are flows the region should be building the infrastructure to capture rather than barriers to prevent.

If policymakers continue to describe all of this simply as brain drain, they will forfeit the chance to turn the mobility of their most skilled citizens into one of the region's lasting assets. The more useful question is no longer how to keep talent at home, but which of these three dynamics a given country is actually facing, and how it can use each one to its advantage.

CCLATAM Editorial Board

Elsewhere in Latam

🇻🇪 On June 24, two back-to-back earthquakes measuring 7.2 and 7.5 struck northwestern and central Venezuela within 39 seconds of each other. The earthquakes caused widespread destruction across Caracas and La Guaira, with the death toll nearing 1,500 and tens of thousands still unaccounted for. But the disaster is also becoming a story about infrastructure and state capacity: after parts of a Chávez-era public housing complex collapsed in La Guaira, engineers urged the government to audit similar state-built housing projects, warning that poor construction, weak code enforcement, and unstable coastal soil may have magnified the damage. External funding and search-and-rescue teams are being deployed, with the Trump administration pledging U.S. assistance alongside support from Colombia, Mexico, and El Salvador.

🇨🇴 Abelardo de la Espriella narrowly won Colombia's June 21 presidential runoff with 49.66% against Iván Cepeda's 48.70%, a razor-thin margin of about 250,000 votes. The result itself has already dominated headlines; the next story is whether de la Espriella can govern. He will be inaugurated on August 7 facing a divided Congress and mounting fiscal pressures, while also having to reset a tense relationship with Washington around security cooperation, counternarcotics certification, and Trump-era regional priorities.

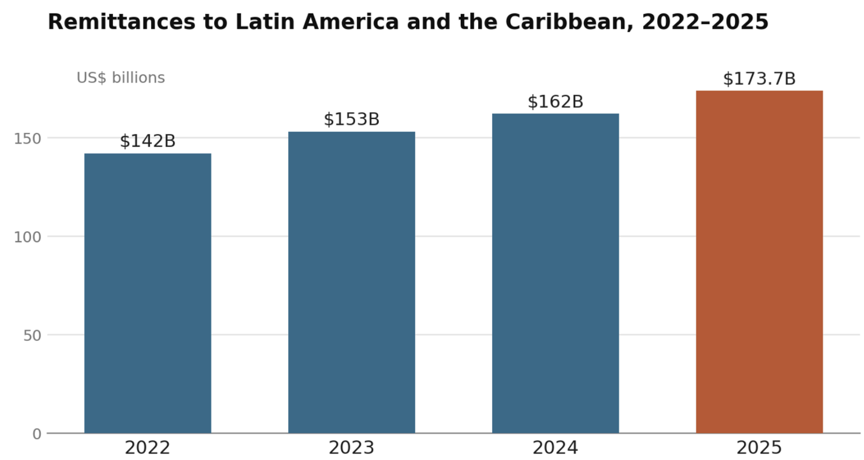
🇲🇽 A New York Times report, summarized by El País, alleged that officials within Mexico's ruling Morena party have quietly cooperated with U.S. authorities as informants, including in conversations tied to investigations into cartel-linked corruption. Morena's leadership rejected the claims the following day, framing them as part of a broader campaign against the party and President Claudia Sheinbaum's government. The allegation, if substantiated, would mark a sharp escalation in the already tense dynamics of U.S.-Mexico intelligence cooperation, raising questions about whether Sheinbaum can maintain a unified sovereignty-first posture toward Washington while managing internal fractures inside Morena.

🇧🇴 Bolivia's political crisis is moving from the streets to the currency market. After weeks of road blockades and unrest, President Rodrigo Paz's government ended Bolivia's 15-year dollar peg and shifted toward a more flexible exchange-rate system in an attempt to restore economic stability amid severe dollar shortages, fuel scarcity, and rising inflation. The move follows Paz's June 20 declaration of a 90-day state of emergency after more than 50 days of protests and blockades, which had paralyzed supply routes and left at least 14 people dead. The question now is whether the currency shift gives Bolivia room to stabilize, or whether it deepens the pain that brought protesters into the streets in the first place.

🇨🇺 Cuba's crisis is pushing Mexico into a difficult diplomatic balancing act. President Claudia Sheinbaum said Mexico is seeking to restart oil shipments to Cuba, potentially through commercial or privately owned firms rather than state companies, as the island faces prolonged blackouts, water shortages, suspended surgeries, and deepening fuel scarcity. The move comes just days after Cuban lawmakers approved sweeping market-oriented reforms that would open parts of the socialist economy to private enterprise, foreign investment, and private banking. Together, the two stories show Havana trying to survive a tightening energy squeeze without formally abandoning its political model — and Mexico trying to help without provoking Washington.

🇦🇷 In Argentina, President Javier Milei's government was shaken after Cabinet Chief Manuel Adorni resigned amid corruption allegations related to personal spending, undeclared savings, and trips that appeared difficult to square with his official income. Milei moved quickly to contain the damage, naming Interior Minister Diego Santilli as the new cabinet chief. The reshuffle comes as Milei faces sliding popularity, internal cabinet tensions, and growing scrutiny over whether a government elected on austerity and anti-corruption can keep control of its own narrative.

El Gráfico



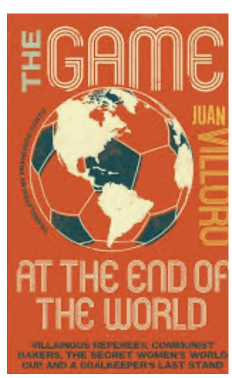
Remittances to the region have risen for sixteen consecutive years, reaching a record US$173.7B in 2025. Data Source: Inter-American Development Bank (IDB).

La Cita

"You have to fight to reach your dream. You have to sacrifice and work hard for it."

Lionel Messi, Argentinian Football Player

La Lectura



The Game at the End of the World by Juan Billoro is a collection of essays exploring the cultural and social history of football. Moving beyond the pitch, Villoro examines the sport through its near-mythic players, controversies, psychology, rituals, and overlooked histories, showing how football reflects the societies that play and watch it.

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