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## FEATURED Q&A

# What Benefits Would the OECD Bring Costa Rica?



Costa Rica is under evaluation in several areas as it seeks to join the OECD. The organization's secretary general, José Ángel Gurría, met with Costa Rica's minister of foreign trade, Alexander Mora Delgado, (L-R) last March in Paris. // Photo: OECD.

**Q Over a two-year period lasting until 2018, Costa Rica is being evaluated in areas including taxes, anticorruption measures and competition as it seeks membership in the Organization for Economic Co-operation and Development.**

**What benefits would OECD membership offer Costa Rica, and are there any drawbacks? How much popular support is there in the Central American country for its accession into the organization? What are the most important changes that Costa Rica has undergone, and has yet to take, in its effort at OECD membership? How do Costa Rica's efforts to join the OECD compare with those of Colombia, the other Latin American country up for membership in the organization?**

**A Laura Chinchilla Miranda, former president of Costa Rica:** "Costa Rica's accession process to the OECD is the result of more than five years of intense political lobbying and technical work. These actions were inspired by the certitude that the country needed to pursue a more efficient, evidence-based and transparent style of governance, if we wanted to foster the economic and social well-being of the people. This journey started in 2012 when I submitted an official request to the consideration of the member countries, in which I explained why Costa Rica was not only a natural partner for the organization, given its merits as a longstanding democracy, an open and well-integrated market economy and a champion of sustainable development, but also because all the reforms and transformations that were to be carried out in light of the process could inspire other countries in the region to follow. In 2013, the council resolved to invite Colombia and

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## TODAY'S NEWS

### ECONOMIC

## Brazil Officially Exits Recession With 1% Growth

Latin America's largest economy grew 1 percent in the first quarter as compared to the previous quarter, though GDP still contracted year-on-year. A bumper soy harvest drove growth in the year's first three months.

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### BUSINESS

## Cargill Expands Protein Business Into Colombia

The privately held corporation purchased Pollos El Bucanero, one of Colombia's leading producers of chicken and processed meats.

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### POLITICAL

## Bachelet Eyes Infrastructure, Gay Marriage in Final Year

Chilean President Michelle Bachelet announced plans to build new infrastructure and also push for legislation that would legalize same-sex marriage in her final year in office.

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Bachelet // File Photo: Chilean Government.

## ECONOMIC NEWS

## Brazil Sees Quarterly Growth, Officially Ending Recession

Brazil's economy grew 1 percent in the first quarter as compared with the previous three-month period, mainly due to a bumper soy harvest, the Financial Times reported. The growth officially ended the country's worst recession on record and marked the economy's first

“This is hardly a telling sign that we have just initiated a vigorous economic recovery.”

— Alberto Ramos

quarter-on-quarter growth after eight consecutive quarters of contraction. However, analysts warned that the growth that was driven by a 13.4 percent expansion of the agricultural sector does not mean that the country's economic turmoil is over. Supporting that view was the release of data that showed gross domestic product continued to contract on a year-on-year basis, shrinking 0.4 percent in the year's first quarter. “This is hardly a telling sign that we have just initiated a vigorous economic recovery,” said Goldman Sachs economist Alberto Ramos. “The first quarter figures were boosted by a record high bumper harvest. There will likely be some payback in the second quarter.” Businesses people recognized the official end of the recession. “We have come off rock bottom,” said Antonio Domínguez, regional managing director of Maersk Line. “But Brazil still has a long way to go before it claws its way back to pre-crisis levels.” On Thursday, President Michel Temer was tweeted, “The recession is over! This is a result of the measures we are taking. Brazil has grown again. And with the reforms, it will grow even more.” The first-quarter

figures do not, however, take into account the latest developments in Brazil's massive corruption scandal, which has ensnared Temer. The country's markets have recently rebounded after an initial shock last month when secretly recorded audio tapes were released, in which Temer is allegedly discussing bribes with the former chairman of meatpacking company JBS. Temer has denied wrongdoing. [Editor's note: See related [Q&A](#) in Wednesday's Advisor.]

## POLITICAL NEWS

## Venezuela's Maduro Vows Referendum on New Constitution

Venezuelan President Nicolás Maduro on Thursday vowed to hold a referendum on a new Constitution, Reuters reported. Maduro is pushing to form a “constituent assembly” to redraft the country's 1999 Constitution, which was put into effect soon after Maduro's late predecessor, Hugo Chávez, came to power. Maduro has said the new charter is needed to help quell more than two months of violence, which has led to at least 62 deaths. “I shall propose it explicitly: the new Constitution will



Maduro // File Photo: Venezuelan Government.

go to a consultative referendum so it is the people who say whether they are in agreement or not with the new, strengthened Constitution.” Maduro's comments come as opponents of the plan, including some from within Maduro's own government, have blasted the idea of forming a body to rewrite the Constitution. Maduro's announcement also came amid continued violence. Authorities announced Thursday that

## NEWS BRIEFS

## Trump Announces U.S. Withdrawal from Paris Climate Change Accord

President Donald Trump announced Thursday that he was withdrawing the United States from the Paris Agreement on climate change. Trump said his decision is based on his campaign promise to make U.S. workers his first priority, NPR reported. He added that the United States would begin negotiations to potentially re-enter the agreement if he can strike a deal that is better for U.S. workers. The United States is the world's second-largest carbon dioxide emitter.

## Guatemalan Authorities Rescue 22 Children From Forced Labor

Guatemalan police have rescued 22 child laborers, some of whom had been working 16 hour days making corn tortillas, as part of a wider crackdown on the proliferation of child labor in the country, public prosecutors said, Reuters reported Thursday. Authorities arrested six people on charges of child labor Wednesday after conducting 37 raids on food stalls in Guatemala City. Most of the children rescued came from impoverished neighborhoods, and were aged between 14 and 17.

## U.S.-Based Cargill Buys Colombia's Pollos El Bucanero

Food, agriculture, financial and industrial products provider Cargill has purchased Colombia-based Pollos El Bucanero, which is one of the country's leading chicken and processed meats producers, the company said in a statement Thursday. Pollos El Bucanero will operate within Cargill Protein Latin America, which has businesses in Costa Rica, Guatemala, Honduras and Nicaragua. The acquisition marks Cargill's first foray into Colombia's protein industry.

Nelson Moncada, a judge involved in the sentencing of jailed opposition leader Leopoldo López was fatally shot in Caracas' El Paraíso district, the site of frequent clashes. The government suggested Moncada's involvement in the López case might have been the motive.

## Bachelet Eyes New Infrastructure, Same-Sex Marriage

Chilean President Michelle Bachelet on Thursday announced plans to build new infrastructure, including an underground railway line in Santiago and a copper smelter, as well plans to push for legislation that would legalize same-sex marriage, Reuters reported. The announcement came at her state-of-the-union speech ahead of her final year in office. Local media estimated the underground railway would cost some \$2.9 billion. Bachelet said she would send a bill to Congress in the second half of this year that would allow same-sex couples to get married. She also confirmed that she plans to send a pension reform bill to Congress in July. Bachelet first served as president from 2006 to 2010, and was elected for a second term starting in 2014. Her second term was marked by a more aggressive plan to address inequality, including education reform, which will provide some 60 percent of low-income students with free university education by next year. Divisions within her party and other parties' opposition to her reforms stifled some of her plans, however, and led to a drop in approval ratings for the president.

### BUSINESS NEWS

## Mexico Closes Gas Stations for Allegedly Selling Stolen Fuel

The Mexican government on Thursday closed seven gasoline stations for allegedly selling gasoline and diesel fuel that was stolen from

### FEATURED Q&A / Continued from page 1

Latvia to formally begin with their accession processes and to work closely with Costa Rica and Lithuania, indicating its intention to do likewise with both countries in the future. For the following two years, the country engaged in a series of policy reviews, and in 2015 the much-anticipated decision finally came. At present, Costa Rica is working hard to conclude its accession roadmap, which consists of 22 policy reviews. Even though we are only halfway through this process, we have been able to reap many benefits of it: so far, Costa Rica enjoys a better inter-institutional coordination, there is a growing awareness at all levels about the importance of evidence-based policy design; and there is also a bold national consensus that the scale of the reforms that this process demands can only be achieved if all political forces and sectors take part."

**A** **José Antonio Muñoz, founding partner of Dentons Muñoz Costa Rica Limitada:** "Costa Rica's commitment to a liberal democratic society is reflected in its application to join the OECD. The process has already produced very positive results like data-driven analysis of public institutions and benchmarking of laws, regulations and practices against internationally recognized standards. A focus on rule of law, transpar-

ency and accountability has encouraged members of the Costa Rican public to reinforce their republican values. The Republic

“**Costa Rica's commitment to a liberal democratic society is reflected in its application to join the OECD.**”

— José Antonio Muñoz

of Costa Rica has been exemplary in the three branches of government, adopting the principles of a transparent state and in issuing regulations to ensure that transparency is observed and promoted every day. Costa Rica's substantial public sector, especially its state-owned enterprises, will be required to self-evaluate its practices and to conform to international standards. This is welcome, as there is perceived opacity in that group of enterprises. It must be noted that OECD membership seems to have the tacit acceptance of Costa Rica's citizens. Colombia and Costa Rica, in seeking OECD membership, have reinforced their commitments to rule-based solutions for their democracies in an increasingly interdependent world."

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state-run pipelines, confirming for the first time that fuel illegally stolen from pipelines is being sold through official service stations, the Associated Press reported. An official from state-run oil company Pemex said 14 stations had been caught selling illegally siphoned fuel—seven in Puebla state and seven throughout the rest of the country. The official did not say why only seven gas stations had been shut down. Pemex runs the country's pipelines and provides gasoline to approximately 12,000 gas stations, including the 14 that allegedly sold stolen fuel from the state-operated pipelines. At the 14 stations in question, "they stopped buying [gasoline from Pemex] and they con-

tinued selling it," the official said. Officials say the amount of fuel siphoned from pipelines is too much to only be sold in containers on the side of the highway, which led many experts to suspect that officially sanctioned gas stations must be selling the fuel. Officials say the trend has become so widespread that entire towns may be protecting fuel thieves or otherwise benefiting from the phenomenon. Treasury Secretary José Antonio Meade this week said some 6,000 illegal pipeline taps were discovered last year, and that officials are uncovering an average of 20 taps a day this year, which he estimates has cost the government approximately \$1 billion a year.

## FEATURED Q&amp;A / Continued from page 3

**A** Rogelio Douglas, founder of FARCARIBE in Limón, Costa Rica: "As in much of the Americas, Costa Rica suffers from a similar failure of economic and ethnic inclusiveness, leaving a significant segment of the population barely surviving in an environment so different from the mainstream, resulting in a continuously widening gap and a 'Tale of Two Cities.' Costa Rica's efforts in the past couple years for membership in the OECD have been well publicized, with the pros and cons exchanged in the national media. However, the appreciation appears to lie exclusively at a high level of government officials and select business sectors. A large portion of the general population appears to lack an understanding of what direct or indirect effect membership in the OECD would have on their lives, thus popular support is not visible. A purported membership in the esoteric OECD would presumably boost the efficiency of Costa Rica's operations, as well as financial transparency and overall global competitiveness. Undoubtedly, these qualifications are extremely important for a small economy that depends heavily on international commerce and major foreign direct investment. However, there appears

to be a huge gap in the communication of these benefits. Costa Rica remains in the middle-income trap. We have successfully raised the overall standard of living above that of most of our neighbors in the region.

**Costa Rica remains in the middle-income trap"**  
— Rogelio Douglas

However, within the country, 30 percent of the population is still living at or below the poverty level, and another third is barely hanging in there economically. For these groups, the trickle-down effects of the OECD require a translation to a practical life-affecting language of how this accession will foster decentralized and inclusive prosperity."

*The Advisor welcomes comments on its Q&A section. Readers can write editor Gene Kuleta at [gkuleta@thedialogue.org](mailto:gkuleta@thedialogue.org).*

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An Inter-American Dialogue Discussion with Sergio Fajardo  
Former governor of Antioquia and mayor of Medellín

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