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FEATURED Q&A

What Will an Exodus Mean for Venezuela's Future?



Millions of Venezuelans have reportedly left their country over the past two decades. Recently arrived Venezuelan immigrants are pictured earlier this year at Our Lady of Guadalupe Church in Doral, Fla., seeking food and assistance. // Photo: Society Saint Vincent de Paul.

Q Upwards of two million Venezuelans have reportedly left their home country since Hugo Chávez took power there in 1999, approximately twice the number that left Cuba in the two decades after its 1959 revolution, The Wall Street Journal reported. With Venezuela now wracked by economic crisis and President Nicolás Maduro's government accused of dismantling the country's democracy, the exodus is only expected to increase. What does the departure of Venezuelans from their homeland mean for the country on a long-term basis? Will those who left eventually return? Which countries have become home to most Venezuelan expatriates, and what does their presence mean for those countries?

A Ricardo Hausmann, director of the Center for International Development at Harvard University: "In a hastily organized plebiscite on July 16, held under the auspices of the opposition-controlled National Assembly to reject President Nicolás Maduro's regime, more than 720,000 Venezuelans voted abroad. In the 2013 presidential election, only 62,311 did. This shows the magnitude of the exodus, considering that only adults can vote and many probably could not. Since July of this year, the price of the dollar went from under 10,000 bolívars to over 100,000, an annualized rate of depreciation of more than 78,000 percent. As a consequence, the number of Venezuelans leaving the country is growing super-exponentially. Emigration now affects all social classes, with poorer citizens leaving by bus in droves to places like Peru, Chile, Argentina and Uruguay. When future demographers figure out the numbers, the present period will appear as one of

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TODAY'S NEWS

POLITICAL

Hernández Leads in Honduras as Police Refuse to Obey Government

Honduran election officials said a final tally showed incumbent President Juan Orlando Hernández in the lead, but they stopped short of declaring him the winner. Meanwhile, the national police said they would refuse to obey Hernández's government.

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BUSINESS

Ecuador to Pay ConocoPhillips \$337 Million

Ecuador's government is settling a case over its expropriation of oil assets in 2009 during the administration of Rafael Correa.

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POLITICAL

Ballots Spoiled in Bolivia Judicial Vote

More than half of voters spoiled their ballots in Bolivia's judicial election, a move the opposition said was a protest against President Evo Morales.

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Morales // File Photo: Bolivian Government.

POLITICAL NEWS

Hernández Leads in Honduras as Police Refuse to Obey Gov't

Honduran election officials said Monday that incumbent President Juan Orlando Hernández had a small lead in the final vote tally from the country's Nov. 26 presidential election, but officials said they were not officially declaring a winner, in order to allow for challenges and appeals to be filed, the Associated Press reported. Meantime, and following several days of deadly protests, the country's national police said they would refuse to obey orders from Hernández's government, remaining in their barracks and refusing to enforce a curfew until

“I am the president-elect of Honduras, the president chosen by the people.”

— Salvador Nasralla

the political crisis is resolved, The Guardian reported. “We want peace, and we will not follow government orders—we're tired of this,” a spokesman for the national police said Monday night. “We aren't with a political ideology. We can't keep confronting people, and we don't want to repress and violate the rights of the Honduran people.” The refusal by the national police to enforce the curfew includes the elite anti-riot squad, known as the Cobras. “This is not a strike, this not about salaries or money,” said a member of the Cobras squad. “It's that we have family. We are tired. And our job is to give peace and security to the Honduran people, not repress them. We want all Hondurans to be safe.” As many as 12 people have been killed in violence following the election, Reuters reported. Early results from the vote showed challenger Salvador Nasralla in the lead for the country's presidency, but that lead evaporat-

ed amid a count that was marked by delays that election officials blamed on technical problems. Nasralla told reporters that he would seek the backing of the Organization of American States for a wide recount after a hand-count of more than 1,000 ballot boxes with irregularities concluded on Monday, the AP reported. “I am the president-elect of Honduras, the president chosen by the people,” Nasralla said Monday. The disappearance of Nasralla's five-point lead from the earliest-announced partial results have led the opposition to claim that Hernández's government was stealing the election. Election officials have denied any manipulation of the vote. Hernández, who has also claimed victory, urged national unity and calm. “I extend my hand to all contenders and sectors of the country to build a new Honduras,” Hernández said in a tweet.

More Than Half of Ballots Spoiled in Bolivia Judicial Vote

Bolivians spoiled more than half of the ballots cast in the country's judicial elections on Sunday, which the opposition says is a sign that President Evo Morales is losing support, Reuters reported Monday. Opposition leaders encouraged voters to nullify ballots by marking more than one candidate, ripping the ballot or doodling on it, in protest of the Constitutional Court's ruling last week that Morales could run for a fourth straight term as president in 2019. Morales had previously accepted the results of a referendum in which 51 percent of Bolivians voted against his proposal to end term limits. The 26 judges elected on Sunday will take office in January. Morales on Monday said the spoiling of the ballots was not a protest against him or his running for re-election, but rather an attempt by the opposition to block his effort to have the judiciary democratically elected, instead of appointed. “The unpatriotic right wing wanted the election of an organic judiciary to fail, but the people have elected their authorities; judges who answer to the people, not to politicians,” Morales said. The candidates in Sunday's election were pre-selected by

NEWS BRIEFS

All Options on Table Ahead of Policy Decision: New Banxico Chief

All options are on the table for Mexico's central bank ahead of its policy decision next week, the bank's new chief, Alejandro Díaz de León told The Wall Street Journal Monday. The bank has left interest rates unchanged since June following a prolonged series of hikes that put its benchmark rate at 7 percent, its highest level since 2009. Mexico's rate of inflation has remained above expectations.

Colombia's Chief Negotiator With ELN to Step Down in January

The Colombian government's chief negotiator with Marxist rebel group the ELN on Monday said he will step down in January after a cease-fire between the rebels and the government comes to an end, Agence France-Presse reported. Former Mines and Energy, Finance and Agriculture Minister Juan Camilo Restrepo has led the government's delegation in several rounds of talks in Quito since February. He said he is stepping down from his post for personal reasons. President Juan Manuel Santos said Restrepo's resignation would translate to a shake-up in the negotiating team, but that both sides would continue to work toward extending the cease-fire beyond its Jan. 9 expiration.

Cargill's Brazil Unit Eyes Consortium for Building Brazil Railway

The Brazil unit of U.S. food and agriculture company Cargill is in talks to form a consortium to bid on building a \$4.3 billion railway project that would connect the grain-growing regions in Brazil with the country's northern ports, said President of Cargill Brazil Luiz Pretti, Reuters reported. Potential partners include rival grain traders Archer Daniels Midland, Bunge and Brazil's Amaggi.

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the largest and fastest human stampedes in Latin American history. Emigration is obviously not good news for Venezuela's output potential. But the fact is that human capital is not the binding constraint limiting Venezuelan production, because economic distortions, insecurity of life and property, and a dearth of raw materials, intermediate inputs and spare parts make human effort next to useless. In the meantime, Venezuelans abroad are acquiring new skills and experiences that will be very valuable when freedom, democracy and common sense return to the homeland. The fact that so many voted in July indicates that they are still very involved. While many will not return, the diaspora that will remain abroad can benefit the country by helping create business, professional, cultural and social links that facilitate growth and technological diffusion, as India and Israel have shown."

A **Francisco Márquez Lara, executive director of the Visión Democrática Foundation:**

"Venezuelans have been leaving in droves over the last three years. In many countries, Venezuelans have become first in asylum requests in the last year alone. This has real consequences for the economy in the short and medium term, which will be difficult to quantify, as well as restore, in the context of a democratic transition. But there are also some real opportunities. One of the hardest things for developing countries is increasing know-how in a diverse set of areas in order to spur economic growth. Due to Venezuela's economic dependence on oil, there is an urgent need to completely revamp the way we think of productivity and economic activity as a country. The Venezuelan diaspora, in this sense, represents a massive opportunity. At this point, depending on different studies, the equivalent of 10 percent of the Venezuelan population lives abroad. Almost 50 percent of these Venezuelans have a college degree or higher. Many of these Venezuelans are working

in the technology, oil, financial and medical sectors. They are developing new skills and know-how that perhaps would not have been possible in Venezuela. If a transition occurs and mechanisms are set up where

“ Depending on different studies, the equivalent of 10 percent of the Venezuelan population lives abroad.”

— Francisco Márquez Lara

many return or help transfer their know-how and skills back to Venezuela, it could be an essential part in redefining our economy. There is ample evidence of this occurring with other diasporas. What we need to figure out is how to leverage this immense talent for the reconstruction of Venezuela. That is the challenge that needs to be addressed in order to counter the devastating effects of brain drain on the Venezuelan economy."

A **Andy Webb-Vidal, CEO of Latin iQ, a business risk consultancy:**

"The biggest implication for Venezuela is that there has been a massive exodus of human capital: petroleum engineers, geologists, civil engineers, technology professionals, designers and entrepreneurs have left. None of these people will return while President Nicolás Maduro remains in power; nor will any of them go back until there is some sustained hope that the country's economy and institutions are on the mend, which is a long way off. And the longer that expatriates remain in other countries, the more settled they become. Many Venezuelans would love to return, but most are aware that the easy lifestyle they once enjoyed back home has vanished for good. Where Venezuelans emigrate to is essentially a function of the

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Congress, where Morales' party has a majority. Opposition lawmakers said the election was a way to give Morales supporters more control over the court.

BUSINESS NEWS

Ecuador to Pay ConocoPhillips \$337 Mn in Settlement

The Ecuadorean government has agreed in a settlement to pay Houston-based oil exploration and production company ConocoPhillips \$337 million in damages to its subsidiary, Burlington Resources, over the government's expropriation of the company's oil investments in Blocks 7 and 21 in 2009 under the



Correa // File Photo: Ecuadorean Government.

government of then-President Rafael Correa, ConocoPhillips announced Monday. The blocks had produced some 22,000 barrels of oil per day at the time of expropriation. The World Bank's International Centre for Settlement of Investment Disputes, or ICSID, in 2012 ruled that Ecuador had violated the U.S.-Ecuador bilateral investment treaty, and issued a \$380 million award to ConocoPhillips last February. The Ecuadorean government will be awarded \$42 million on its environmental and infrastructure counterclaims, and Burlington is entitled to an additional \$24 million through a third-party contribution, Reuters reported. In a statement, the Ecuadorean attorney general's office said, "The agreement between Ecuador and Burlington allows us to resolve this controversy and to reaffirm the Ecuadorean state's commitment to fulfilling its international obligations."

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likelihood of finding viable employment, and of how easy or difficult the procedure is for obtaining residence. Sizable communities exist in Florida, Colombia and Panama, and most recently have mushroomed in Mexico, Peru, Chile and Spain. Once a community reaches a certain critical mass, inevitably a Venezuelan *arepería* springs up, which is why you now find them in secondary cities like Querétaro, Arequipa and Valparaíso. Expatriate professionals add to the stock of talent in a recipient nation, and in most countries, are welcomed. But the tendency is that every new wave of migrants comprises of more lower-skilled individuals, and this adds to social friction in recipient countries, including incidents of xenophobia. The more acute the crisis becomes in Venezuela, the more powerful the impulse for more people to leave will become. Colombia is on the front line, because of its proximity.”

A **Julia Buxton, professor of comparative politics at the School of Public Policy of Central European University in Budapest:**

“The scale of Venezuela’s hemorrhaging of people, talent and skills will take decades to reverse—largely because resolution of the country’s social, economic and political disintegration will be protracted. Aggressive domestic and external opposition-led efforts to force regime change have served only to further embed and radicalize the Maduro government, in turn accelerating the outflow of people. Even if the Bolivarian regime is displaced, an incoming opposition administration will not carry the necessary confidence or credibility to trigger a flood home—most particularly absent governance and policy clarity. Poll surveys of Venezuela’s large diaspora in North America, Western Europe and other South American

countries indicate little interest in returning to Venezuela over the long term, while domestic surveys show a sizable sector of the population are planning to permanently leave. The country has essentially lost its

“**The country has essentially lost its educated and professional classes, but it has more particularly lost its youth...**”

— Julia Buxton

educated and professional classes, but it has more particularly lost its youth, with the average age of Venezuelan emigrants estimated to be in their early 30s. The outflow will be sustained, most certainly if the country’s elite show no progress on dialogue and reconciliation. The security and political implications for host countries are becoming increasingly serious. While migrants typically bring a high skill set, this advantage is offset by rising tensions caused by the competition posed by sizable Venezuelan communities for employment, housing and goods as is the case in Brazil, Colombia and some Central American and Caribbean states. Politicians in host countries are seeking to contain these brewing resentments by pushing for regime change in Venezuela, but this will not contain the problem, and rather it may accelerate it.”

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