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## FEATURED Q&A

# What Are the Top Priorities for Puerto Rico's Recovery?



Much of Puerto Rico is still without electricity, nearly four months after Hurricane Maria pummeled the U.S. territory. Workers are pictured restoring power on the island in November. // File Photo: Puerto Rico Electric Power Authority.

**Q** Nearly four months after Hurricane Maria battered Puerto Rico, the island in many ways has been slow to recover. Nearly half the U.S. territory remains without power, hundreds of thousands of Puerto Ricans have left the island, and health care professionals have struggled to provide needed services to patients. What are the main challenges Puerto Rico currently faces? How adequately has the U.S. government responded to the disaster? What are the long-term consequences for the island's infrastructure and economy?

**A** Emilio Pantojas-García, senior researcher at the Center for Social Research at the University of Puerto Rico: "The government and economy of Puerto Rico had collapsed before Hurricane Maria. The main challenges then were to get public finances in order and to attract investment in dynamic sectors, no easy feats. After Maria, the main challenges are those two, plus reconstructing and modernizing infrastructure, restoring domestic and international confidence in the island's ability to recover and persuading the federal government to provide adequate funding for reconstruction. The response of the federal government to the disaster has not been adequate, but neither was the preparedness of the local government. Local government inexperience, corruption and fiscal bankruptcy, combined with the inefficiencies of FEMA, turned a catastrophic event into a major humanitarian crisis. The Puerto Rican economy and infrastructure have finally hit rock bottom, but there are no clear ideas on how to get back up. The government of Puerto Rico and the coalition of politicians and entrepreneurs lobbying in

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## TODAY'S NEWS

### POLITICAL

## Rogue Venezuelan Pilot Killed in Shootout

Óscar Pérez, the police pilot accused of stealing a helicopter and using it to attack Venezuela's Supreme Court last June, was killed in a shootout with police near Caracas.

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### BUSINESS

## Auto Execs Urge Trump to Keep U.S. in NAFTA

In comments to reporters at the Detroit auto show, auto industry leaders including Fiat Chrysler CEO Sergio Marchionne said the Trump administration should keep NAFTA and rework it.

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### POLITICAL

## U.S. Ambassador to Panama Resigns, Says He Can't Serve Trump

John Feeley, a career diplomat, resigned as U.S. ambassador to Panama. Feeley said he felt that he could no longer serve President Donald Trump.

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Feeley // File Photo: U.S. State Department.

## POLITICAL NEWS

## Rogue Venezuelan Pilot Killed in Shootout With Police

Authorities in Venezuela on Monday confirmed they had killed Óscar Pérez, the police pilot accused of stealing a helicopter and using it to attack the country's Supreme Court last June, who had become the nation's most-wanted man, *El Universal* reported. The shootout near

“They don't want us to surrender, they want us dead!”

— Óscar Pérez

Caracas lasted nine hours and took at least nine lives, with two police officers killed. The operation transfixed the nation as videos posted on Twitter and Instagram broadcast the gunfight in near real time. “They don't want us to surrender, they want us dead!” a bloodied Pérez said on camera as other members of the rebel group appeared crouched behind appliances, holding guns and audibly under fire. In the videos, Pérez is heard saying that his group will surrender because it was accompanied by civilians, *The New York Times* reported. “We're not criminals,” he said. “We're patriots who are fighting for our convictions.” During massive and violent street protests last year against President Nicolás Maduro, Pérez led the brazen helicopter attack on government buildings, unfurling a banner urging Venezuelans to revolt against the Maduro regime, an incident seen as an embarrassment to the military. But the street protests ultimately lost steam, Pérez went into hiding, and Maduro has largely been successful in preventing the opposition from gaining any real power. Negotiators with Venezuela's government and opposition leaders concluded a round of talks in the Dominican Republic on Saturday, *Reuters* reported.

Although they failed to reach a deal to address the country's political and economic crisis, the parties announced that another round of talks would begin later this week.

## Pope Begins Latin American Trip With Visit to Chile

Pope Francis arrived Monday in Chile for a week-long trip to South America, in which he is expected to discuss the plights of indigenous people, immigrants and the poor, as well as destruction in the Amazon rain forest, the *Los Angeles Times* reported. This morning, the pope asked for Chileans' forgiveness for what he called the “irreparable damage” caused by priests who have sexually abused children, the *Associated Press* reported. He made the comments in a speech to Chilean President Michelle Bachelet, legislators, justices and other government authorities. The pontiff, who is also visiting Peru on his Latin America trip, said he felt “bound to express my pain and shame at the irreparable damage caused



President Michelle Bachelet welcomed Pope Francis Monday upon his arrival in Chile. // Photo: Chilean Government.

to children by some ministers of the church.” Francis said he joined with other bishops in seeking forgiveness, as well as supporting victims and making sure that such abuse does not happen again. In 2010, Chile's Catholic Church was found to have engaged in a cover-up for a prominent Santiago priest, Rev. Fernando Karadima, who had sexually abused minors for decades. The Vatican sanctioned Karadima in 2011. Many Chileans are still angered by Pope Francis' 2015 appointment of a bishop who had been a protégé of Karadima. The protégé, Bishop Juan Barros of the city of Osorno, has

## NEWS BRIEFS

## U.S. Ambassador to Panama Resigns, Says He Cannot Serve Trump

U.S. Ambassador to Panama John Feeley on Friday resigned from his post, saying he no longer felt able to serve President Donald Trump, *Reuters* reported. The career diplomat and former Marine Corps helicopter pilot communicated his departure to the State Department on Dec. 27, and his departure was not a response to Trump's alleged use of the word “shithole” to describe Haiti and African countries in a meeting on Thursday, U.S. officials said. Trump denies having used the term.

## At Least Nine Killed in Collapse of Colombia Bridge

At least nine construction workers were killed and eight injured when a major highway bridge under construction collapsed at around noon on Monday in Colombia, *El Tiempo* reported. The 2,500-foot bridge on the double-lane highway connecting Bogotá to Villavicencio was being constructed in a mountainous area south of the capital city. In a statement, the office of Colombia's president, Juan Manuel Santos, said authorities were focusing on rescuing the injured. Construction on the bridge began in 2016.

## Brazil Regulator Bars Funds From Investing in Cryptocurrencies

Brazil's securities regulator on Friday prohibited local investment funds from buying cryptocurrencies, *Reuters* reported. The CVM ruled that cryptocurrencies cannot be considered financial assets, which effectively bars funds from investing in bitcoin and other such digital currencies. The ruling added that local funds interested in investing in cryptocurrencies by taking stake in foreign funds should await further clarification from the watchdog.

denied knowledge of Karadima's abuse of minors, but many Chileans do not believe him, the AP reported. The trip by Pope Francis, a native of Argentina and the only pope to have been born in the Americas, is his fourth to South America, the Los Angeles Times reported.

## BUSINESS NEWS

# Auto Executives Urge Trump to Keep U.S. in NAFTA

Global auto sector executives over the weekend urged U.S. President Donald Trump to not withdraw the United States from the North American Free Trade Agreement, or NAFTA, and expressed hope that the United States, Mexico and Canada could reach an agreement in which all sides saw improvements to the deal, Reuters reported. Fiat Chrysler CEO Sergio Marchionne, who last week announced plans to move heavy pickup truck production from Mexico to Michigan by 2020, told reporters at the Detroit auto show that he hoped the Trump administration would "re-tune" some of the demands the government has set out over the course of negotiations. Marchionne said the company's decision to shift some production to the United States "goes a long way, I think, in addressing some of President Trump's concerns about the dislocation of production capacity out of the United States." The decision also shields Fiat Chrysler from the risk of a 25 percent tariff on those vehicles if NAFTA negotiations indeed fall apart. Ford Motor Company CEO Jim Hackett on Sunday said NAFTA needs "to be modernized," adding that of Detroit's Big Three automakers, Ford has the greatest percentage of vehicles produced in the United States. "We've got a big commitment to our country, and it's proven in the numbers," he said. General Motors CEO Mary Barra on Saturday expressed hope and optimism that the agreement would survive the negotiations and see improvements. Other GM executives stood by the company's decision to continue building trucks in Mexico.

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Washington have no proposals, other than asking for federal handouts and exceptional fiscal measures. Distrust of Puerto Rican officials by the federal government and Congress has led to paralysis and short-term remedies as the immediate response. Even the Fiscal Oversight Board is at a loss for mapping out a process out of debt and for economic recovery. I asked a colleague what could be the engine for economic recovery, and he replied, 'the engines of the jets transporting people out of Puerto Rico.' Put another way, remittances and federal handouts will keep the island afloat until a plan for recovery is devised and executed."

**A Katherine Bliss, senior associate at the CSIS Global Health Policy Center and founding principal of Girasol Global Policy Consulting:** "Even before Maria hit Puerto Rico, the island had struggled with ensuring patients' access to quality health care. High poverty rates, an aging population, a reduced number of public hospitals and the emigration of health professionals, all within a context of debt and economic instability, have contributed to the commonwealth's health challenges. Infant mortality rates are higher on the island than in the United States as a whole, and the population faces a significant burden of chronic diseases. The 2015-2016 outbreak of mosquito-transmitted Zika virus in the region hit Puerto Rico especially hard, with the majority of the U.S. cases reported on the island. Flooding associated with Maria damaged sanitation systems and contaminated water supplies. In the weeks after the hurricane, limited electricity led some doctors to carry out surgeries by flashlight, while a lack of refrigerated storage for vaccines meant some children did not get immunized on schedule. In December U.S. officials reported that more than 3,000 personnel from the Department of Health and Human Services (HHS) had been deployed to Puerto Rico to assess patient needs, deliver medical supplies and reopen medical facil-

ities, noting that all hospitals are now functional. But with seasonal flu activity already reported to be more pronounced than usual, at least in some U.S. regions, it will be important for island residents and their health care providers to take special precautions to prevent a serious outbreak of influenza virus, which Puerto Rico's fragile health system may be ill-equipped to handle."

**A José J. Villamil, chairman of the board of Estudios Técnicos in San Juan:** "Estimating the impact of Hurricane Maria on the island has been the subject of much confusion. There is no established methodology for estimating such damages, and the result has been estimates that range from \$20 billion to \$202 billion. The lower estimate was done one week after the hurricane by Estudios Técnicos, Inc. and covers only physical damage, mainly housing and infrastructure. A subsequent impact assessment by the firm estimated damages, including reconstruction costs and lost income, at between \$54 billion and \$67 billion. Puerto Rico's government estimated damages at \$94 billion. The disparity of estimates has not helped the island's case in Washington. This has had an impact on the federal response to Maria. Puerto Rico obviously has a long road ahead to move back to pre-Maria status. Part of the reason why the process will be even more difficult than in other recent experiences such as Katrina and more recently Harvey in Texas and Irma in Florida, is that Puerto Rico's economy had undergone a decade of economic contraction. This has had the effect of deficient maintenance of key infrastructure, particularly energy, and has also meant that the commonwealth's government does not have the wherewithal to be proactive in addressing recovery issues. Both FEMA and the U.S. Army Corps of Engineers have played key roles in the recovery effort. Much criticism has been directed to both agencies, but these comments in part reflect a lack of

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understanding of the challenges that both agencies also faced in confronting Harvey and Irma and, more recently, the fires in California. Could federal interventions be more efficient? Of course, but it is good to keep in mind that Puerto Rico is one of three major disaster areas."

**A** **Kenneth D. McClintock, former lieutenant governor of Puerto Rico:** "The U.S. Constitution declares that the American territories are no more than 'properties' of the United States, as slaves were 'property' of their masters during the nation's first 87 years. Since 1898, Congress has failed to be a proper steward over its largest territorial 'property,' Puerto Rico. With respect to it, it has turned its back on the principles first expressed in the Declaration of Independence: 'All Men are created equal...Governments are instituted among Men, deriving their Just Powers from the Consent of the Governed.' Puerto Rico has confronted no greater political crisis than bankruptcy after years of congressional inattention and outright discrimination, denying Puerto Rico the

economic tools that states have to create a growing and solid economy. It approved federal laws encouraging it to incur in high levels of debt without providing it the assistance that all states receive. Simultaneously, Puerto Rico has suffered its greatest natural disaster, in which every first responder was, simultaneously, a victim, while Congress, again, has failed to be a good steward, by failing to respond immediately to the crisis, failing to provide the territorial governor the timely assistance an equally situated state would have received, and by holding such assistance ransom to partisan considerations four months after the hurricanes, and counting. Every day, Puerto Rico realizes that only activating the Admissions Clause will provide it the tools to resolve its economic and fiscal crisis, as well as recover from its natural disaster. As a result, Governor Rosselló has said, Puerto Rico statehood is the civil rights issue of our times."

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

## JOB POSTINGS

**EDITOR'S NOTE:** We are pleased to share Latin America-related job postings that companies reading the Advisor and others have posted recently.

**PIMCO:** Business Development Associate, Latin America, New York

**Llorente & Cuenca:** Public Relations Account Executive, Miami

**MGM:** Vice President, International Television Distribution, Latin America, Miami

**Netflix:** Counsel, Business and Legal Affairs, Latin America, Los Angeles

**Visa:** Senior Director, Financial Inclusion, Latin America and Caribbean, Miami

**Deutsche Bank:** Business Intelligence Officer (Anti-Financial Crimes), New York

**IPG Mediabrands:** Regional Growth Director, Latin America, Mexico City

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