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FEATURED Q&A

Can El Salvador Handle an Influx After TPS Ends?

Salvadorans in the United States will lose Temporary Protected Status next year. U.S. Rep. Luis Gutierrez (D-Ill.) is pictured, second from left, at a rally last month in Washington in favor of TPS and other protections for immigrants. // File Photo: Office of Rep. Luis Gutierrez.

Q **The U.S. Department of Homeland Security on Jan. 9 announced that it would not renew Temporary Protected Status for nearly 200,000 Salvadorans who have been allowed to stay in the United States since at least 2001, arguing that the conditions that caused Salvadorans to seek residency in the United States no longer exist. Salvadorans who have been living in the country under TPS will have until September 2019 to arrange legal status under another category or leave the United States. How many Salvadorans are expected to return home, and what steps can the government and civil society organizations take to accommodate an influx of nationals back inside its borders? Have conditions indeed improved in El Salvador? Will the return of thousands of Salvadorans change security concerns for the country, whose officials announced this month that the homicide rate declined for the second year in a row? How will El Salvador's economy be affected? What are the implications for the United States from the policy change?**

A **Michael E. Allison, professor and chair of the Department of Political Science at the University of Scranton:** "The failure to restore legal status to these individuals will have devastating consequences for recipients and their families and for El Salvador. Having lived in the United States for 17 or more years, TPS recipients have built their lives here. As parents to approximately 200,000 U.S. citizen children, they must decide whether to leave minor children in the care of U.S. resident family members and friends or take them into one of most dangerous countries in the world. TPS recipients and their

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TODAY'S NEWS

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São Paulo State at Risk for Yellow Fever: WHO

The World Health Organization recommended that visitors to Brazil's São Paulo State be vaccinated against yellow fever. The WHO said 261 people in Brazil have died of the mosquito-borne disease since December 2016.

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ECONOMIC

Brazilian Stocks Edge Up to All-Time High

Brazil's Bovespa index edged up to close at an all-time high on Tuesday as investors' optimism about Latin America's largest economy continued fueling a rally.

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POLITICAL

Guatemala's Morales Shuffles Cabinet

Guatemalan President Jimmy Morales shuffles his cabinet, naming new economy, social development and environment ministers. Morales is halfway through his four-year term.

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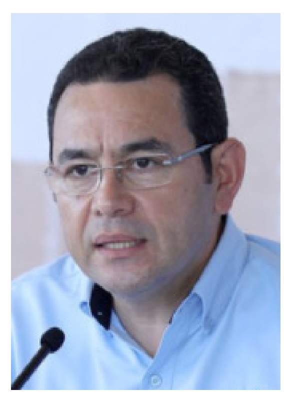

Morales // File Photo: Guatemalan Government.

POLITICAL NEWS

São Paulo State at Risk for Yellow Fever: WHO

The World Health Organization said Tuesday that Brazil's São Paulo State is at risk for yellow fever, and recommended that foreign travelers get vaccinated for the disease before visiting the state, Reuters reported. Brazil's Health Ministry said the WHO's recommendation did not change its advisory that only travelers visiting rural areas of the state need to get vaccinated. The recommendation from the WHO came just weeks before the Carnival celebrations in February, when tens of thousands of tourists are expected to visit Brazil. Deputy Health Minister Antonio Carlos Nardi said the Carnival festivities would take place in urban areas, and that visitors would not be at risk of contracting the disease if they stayed in São Paulo's cities. He added that while the number of cases of the disease has risen this year, there was no outbreak of yellow fever in the country. Yellow fever is a viral disease transmitted by mosquitoes in tropical regions. The WHO said 777 human cases of the disease have been reported in eight Brazilian states since December 2016, and that 261 people have died from yellow fever since then. Nardi said São Paulo State plans to expand its vaccination campaign, with the goal of vaccinating 8.3 million people in 54 cities by mid-February. In order to stretch the stock of vaccines, health officials will administer half doses of the vaccine, which Brazilian authorities say studies have shown protect recipients from the virus for eight years rather than a lifetime. There is no known treatment for the disease, making vaccination access crucial to containing yellow fever outbreaks, the Associated Press reported. Symptoms of the disease include fever, muscle pain, and nausea; some patients also experience abdominal pain, kidney problems and jaundice.

The recommendation from the WHO came just weeks before Brazil's Carnival celebrations.

Pope Meets With Victims of Priest Sexual Abuse in Chile

Pope Francis on Tuesday expressed "pain and shame" about the sexual abuse of children by priests in Chile as he met with victims during his visit to the South American country, Reuters reported. "No one else was present. Only the pope and the victims," said Vatican spokesman Greg Burke, who said the meeting occurred at the Vatican's embassy in Santiago. "This was so they could speak of their suffering to Pope Francis, who listened to them and prayed and cried with them." Instances of child sex abuse by priests has scarred the reputation of the Catholic Church in Chile. Pope Francis has been criticized for appointing Bishop Juan Barros to head a diocese in Chile. Barros has been accused of protecting his former mentor, Rev. Fernando Karadima, who was found guilty of abusing teenage boys. Karadima has denied the allegations, and Barros has said he was not aware of any wrongdoing.

ECONOMIC NEWS

Brazilian Stocks Edge Up to All-Time High

Brazil's Bovespa stock index edged up on Tuesday, closing at an all-time high as investors' optimism over the country's economy continued to fuel a rally, Reuters reported. The Bovespa ended the day up 0.1 percent at 79,831.8. Earlier in the day, the benchmark index was as high as 80,246.331, rising above the 80,000 mark for the first time. Petrochemical company Braskem led gains after analysts at Itaú BBA boosted their recommendation on the

NEWS BRIEFS

Guatemala's Morales Shuffles Cabinet

Guatemalan President Jimmy Morales reshuffled his cabinet on Tuesday, halfway through his four-year term, Reuters reported. Acisclo Valladares will take over Victor Asturias' position as economy minister, Alcides Obregon replaces Enio Galicia as social development minister and Alonzo Vargas is succeeding Sydney Samuels as environment minister, presidential spokesman Heinz Hiemann said.

U.S. Treasury Warns Against Venezuela's Proposed Cryptocurrency

The U.S. Treasury has warned U.S. investors to approach Venezuela's proposed "petro" cryptocurrency with caution, saying the petro may conflict with the United States' sanctions against the Venezuelan government under President Nicolás Maduro, Reuters reported Tuesday. A U.S. Treasury spokesperson told Reuters that the currency could "expose U.S. persons to legal risk," given that the digital currency appears to be an extension of credit to the Venezuelan government. U.S. sanctions prohibit dealings in new debt from the Venezuelan government or its state oil firm PDVSA.

France's EDF Commissions Chile Solar Plant

French renewables firm EDF Énergies Nouvelles said it has commissioned its 115-megawatt peak Santiago Solar PV plant in Chile, PV-Tech reported Tuesday. The plant is second to EDF's 146 MWp Bolero plant, which was completed late last year. The Santiago Solar plant is located some 30 miles north of Santiago and holds a 15-year power purchase agreement with the country's main energy distributors, with an unspecified amount of electricity being sold through Chile's electricity spot market. The plant is connected to Chile's electricity grid.

company's stock to "outperform" from "market perform." Investors in Brazilian stocks have been optimistic that stronger growth in Latin America's largest economy will boost corporate earnings this year. The country emerged last year from its deepest recession in decades and is expected to generate gross domestic product growth of 3 percent this year. However, the optimism hinges on the government's ability to plug its budget deficit and implement market-friendly reforms at the same time that the country is heading into a presidential election with a wide-open field this year. "Insufficient progress towards fiscal consolidation could potentially jeopardize the recently achieved gains in macroeconomic performance and asset prices," Goldman Sachs analyst Alberto Ramos said in a report. Elsewhere in the region, Mexico's IPC stock index rose 0.21 percent, and Chile's IPSA closed up 0.22 percent.

BUSINESS NEWS

Pemex Reportedly Selects Mitsui for $2.6 Bn Plant Project

Mexican state oil company Pemex has selected Japanese conglomerate Mitsui as its partner in a $2.6 billion coking plant project at Pemex's Tula refinery, two sources with knowledge of the matter said, Reuters reported Tuesday. The company said the new plant will increase the Tula refinery's gasoline output by 40 percent by allowing for the processing of fuel oil. The refinery, Pemex's second-largest of its six domestic refineries, has the capacity to process 315,000 barrels of crude per day. The deal with Mitsui is ongoing and has not been finalized, a source at the state oil company said. "Mitsui was chosen, but the talks are still ongoing to reach a final deal. It is complex," the person said. Both Pemex and Mitsui's Mexico City offices declined to comment. Pemex has invested $1.24 billion so far into the coking plant project, according to the company. Its partner will need to finance the rest of the project, one of the sources said.

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children will be at great risk from Salvadoran gangs. El Salvador will lose approximately $600 million in remittances that have helped relatives survive in a country where over one-third of the population lives in poverty. High unemployment will be exacerbated, as those jobs which TPS recipients are likely to fill—those requiring English-language skills—will most likely displace current Salvadoran workers, rather than lead to the creation of new jobs. Economic losses will also be felt in the United States. In addition to the loss of family income, businesses will lose employees at a time of already high labor shortages. Home prices will be negatively affected in several markets. Local, state and federal governments will lose important sources of revenue. While the United States will ultimately be able to absorb the costs of its decision, El Salvador will have a much more difficult time. The Salvadoran government must simultaneously lobby the United States to reverse its decision, while at the same time building out its institutions to support the reintegration of its people."

A **Felix Ulloa, president of the Legal Studies Institute of El Salvador (IEJES) and independent legal consultant:** "After the initial panic generated in the United States and in El Salvador by the announcement of the termination of TPS, the Salvadoran government, as well as specialized civil society organizations, have called for calm, affirming that there will not be a massive and immediate deportation. Therefore, the 'normal' influx of deported people continues to be expected (five weekly flights from the United States and, overland, three buses from Mexico). The only known in-country initiative regarding this issue is the proposal for a law introduced by the ruling party representatives to the Legislative Assembly to provide a one-time assistance or 'seed capital' of $1,500 to every TPS-returned person. The Salvadoran government is calling for TPS beneficiaries to start renewing their work permits as a first step, and also offering legal assistance through the consular network to resolve their individual migratory status or aim for a judicial path. There is still hope for a legislative and permanent solution in the U.S. Congress. The unfortunate part is that most TPS holders will have no option but to 1) return to their communities of origin, where they will be complete foreigners and could easily become victims of multiple crimes, including extortion, kidnapping or murder, and their young or teenage children could face recruitment by criminal gangs. 2) They could choose to remain undocumented, until they are eventually caught and deported to El Salvador. 3) They could move to a third country, if properly advised, to submit and sustain a valid claim that they are in need of international protection. The economic impact to both the country of origin and destination will be significant, because TPS beneficiaries will have to abandon their current jobs and careers, stop paying taxes and loans, and those that choose to remain undocumented and with an irregular status in the United States will have to accept low payment for clandestine work."

A **Sofía Martínez, analyst for the Northern Triangle at the International Crisis Group:** "In the last three years alone, more than 15,800 Salvadorans have been killed. Although the murder rate has dipped from its 2015 high, gang violence in El Salvador is entering a new phase, featuring more direct attacks on security forces and new forms of criminal decision-making as a result of the current government's strategy, which aims to isolate jailed gang leaders. The government is at the peak of its combat against these groups, and is paying a high cost, politically and institutionally. Frontline justice and security officials are under huge stress; 45 police officers were killed in 2017. Humanitarian fallout from armed violence is on the rise, not only in El Salvador but in the whole North Central America region, with 164,000

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refugees from Guatemala, Honduras and El Salvador combined, according to UNHCR estimates from 2016. This is why continuing or re-designating TPS for Salvadorans was fully justified on the basis of current conditions. To mitigate the impact of mass deportations, incoming deputies in El Salvador's Legislative Assembly—to be elected March 4—should prioritize a policy for returnees that addresses reception and integration needs, as well as the humanitarian risks faced by those wishing to migrate back to the United States. This strategy should be locally-targeted, promote development and entrepreneurship in areas that receive more returnees, and be financially supported by the United States. In parallel, coordination between San Salvador and its consulates in the United States will be key to offering returnees dignified employment opportunities in their home country, such as job placement schemes in coordination with the private sector. This mid-term policy should also have a strong educational focus, as the most vulnerable groups will be children between the ages of 14 and 18, who are easy prey for potential gang recruitment."

A **Eduardo Arcos, associate analyst for the Americas at Control Risks:** "Exact figures on the number of Salvadorans who could be affected by the Department of Homeland Security's decision to remove the TPS status are unavailable. As of 2016, there were 263,282 Salvadoran nationals living in the United States as TPS beneficiaries, but the number that could lose protection is estimated to be lower, closer to 200,000, as many have changed their residency status or have left the United States over the past year. The reaction from El Salvador has so far been restrained, with President Salvador Sánchez Cerén and Minister of Foreign Affairs Hugo Martínez focusing their declarations on their country's consistent pro-U.S. stance and cooperation in the region. Nonetheless, Salvadoran authorities are well aware of the significant repercussions that the return of almost 200,000 nationals could have for a country of just 6.3 million, with a fragile economy and rampant criminal activity. The reality is that although conditions have improved since the devastating 2001 earthquakes that rattled the country, they remain far from optimal to absorb such population flows. Violence levels, as measured by murder rates, remain alarmingly high at 60 per 100,000 inhabitants. This makes El Salvador the most violent country in the region as a result of turf wars between the country's two main gangs, the Mara Salvatrucha (MS-13) and the 18th Street Gang. To further compound the situation, economic performance has been mediocre, with estimated growth of just 2.3 percent in 2017, making it the worst-performing country in Central America. The national economy is largely dependent on the Salvadoran diaspora in the United States, as remittances represent over 17 percent of the country's GDP and an even wider share of overall economic activity. A significant decline in remittances could have disastrous effects for the economy. Moreover, high extortion rates for businesses dent entrepreneurial activity, diminishing economic prospects for Salvadoran nationals returning home."

> **"The national economy is largely dependent on the Salvadoran diaspora in the United States..."**
> **— Eduardo Arcos**

The Advisor welcomes comments on its Q&A section. Readers can write editor Gene Kuleta at **gkuleta@thedialogue.org**.

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